

*CITY OF OPELIKA, ALABAMA*

*FINANCIAL STATEMENTS*

*FOR THE FISCAL YEAR ENDED*

*SEPTEMBER 30, 2003*

***LIST OF PRINCIPAL OFFICIALS OF THE CITY OF OPELIKA***

***ELECTED AND APPOINTED OFFICIALS 2000-2004***

Barbara H. Patton, Mayor  
J. Jerry Teel, Council President, Ward 3  
Patricia A. Jones, Council Member, Ward 1  
Clarence Harris, Jr., Council Member, Ward 2  
Gary Fuller, Council Member, Ward 4  
Dr. William A. Lazenby, Council Member, Ward 5  
H. Kenneth Wilkes, Municipal Judge  
Gregory K. Morgan, Municipal Judge  
Joanne Camp, Public Defender  
Guy F. Gunter, III, City Attorney  
Robert G. Shuman, City Clerk/Treasurer

***DEPARTMENT HEADS***

R. Mitchell Price, Controller	Charles R. Thomas, Engineering Director
John W. Findley, Jr., Information Technology Director	Bart S. Van Nieuwenhuise, Public Works Director
Chad E. Newell, Economic Development Director	L.W. Harrelson, Jr., Parks and Recreation Director
Lisa G. McLeod, Human Resources Director	Shirley C. Washington, Purchasing Agent
Martin D. Ogren, Planning Director	Brian Skelton, Light and Power Director
T. Michael Moore, Revenue Officer	Michelle W. Jones, Library Director
Thomas R. Mangham, Police Chief	Gene T. Adkins, Fire Chief

**CITY OF OPELIKA**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2003**  
**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

	<i><b>Page</b></i>
<i>Title Page</i>	<i>I</i>
<i>Officials of City of Opelika</i>	<i>II</i>
<i>Table of Contents</i>	<i>III-IV</i>

**FINANCIAL SECTION**

<i>Independent Auditor's Report</i>	<i>V-VI</i>
<i>Required Supplementary Information (unaudited):</i>	
<i>Management's Discussion and Analysis</i>	<i>VII-XV</i>

**Basic Financial Statements:**

*Government-wide Financial Statements:*

<i>Statement of Net Assets</i>	<i>1-2</i>
<i>Statement of Activities</i>	<i>3</i>

*Fund Financial Statements:*

<i>Balance Sheet - Governmental Funds</i>	<i>4-5</i>
<i>Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets</i>	<i>6</i>
<i>Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</i>	<i>7-8</i>
<i>Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities</i>	<i>9</i>
<i>Statement of Net Assets - Proprietary Funds</i>	<i>10-11</i>
<i>Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds</i>	<i>12</i>
<i>Statement of Cash Flows - Proprietary Funds</i>	<i>13-14</i>
<i>Notes to the Financial Statements</i>	<i>15-41</i>

**Required Supplementary Information (unaudited):**

<i>Statement of Revenues, Expenditures, and Changes in Fund Balance -Budget to Actual - General Fund</i>	<i>42-51</i>
<i>Statement of Revenues, Expenditures, and Changes in Fund Balance -Budget to Actual - School Tax Special Revenue Fund</i>	<i>52</i>

**CITY OF OPELIKA**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2003**  
**TABLE OF CONTENTS**

**Supplementary Information (unaudited):**

**Combining Nonmajor Funds Statements and Supplemental Schedules:**

<i>Combining Balance Sheet - Nonmajor Governmental Funds</i>	53
<i>Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds</i>	54
<i>Combining Balance Sheet - Nonmajor Special Revenue Funds</i>	55
<i>Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds</i>	56
<i>Combining Balance Sheet - Nonmajor Debt Service Funds</i>	57
<i>Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Funds</i>	58
<i>Combining Balance Sheet - Nonmajor Capital Projects Funds</i>	59
<i>Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds</i>	60
<i>Combining Statement of Net Assets - Internal Service Funds</i>	61
<i>Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Funds</i>	62
<i>Combining Statement of Cash Flows - Internal Service Funds</i>	63
<i>Schedule of Debt - Governmental Funds</i>	64
<i>Schedule of Debt Service - Governmental Funds</i>	65
<i>Schedules of General Obligation and Other Long-Term Debt</i>	66-76
<i>General Governmental Expenditures by Function - Last Ten Fiscal Years</i>	77
<i>General Governmental Revenues by Source - Last Ten Fiscal Years</i>	78
<i>Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures - Last Ten Years</i>	79

**Statistical Tables:**

<i>Property Taxes Levied in Lee County, Alabama - Last Ten Fiscal Years (unaudited)</i>	80
<i>Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years (unaudited)</i>	81
<i>Property Tax Rates - All Overlapping Governments (unaudited)</i>	82
<i>Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita - Last Ten Fiscal Years (unaudited)</i>	83
<i>Computation of Legal Debt Margin (unaudited)</i>	84
<i>Computation of Overlapping Debt (unaudited)</i>	85
<i>Demographic Statistics - Last Ten Fiscal Years (unaudited)</i>	86
<i>Construction - Last Ten Fiscal Years (unaudited)</i>	87
<i>Principal Taxpayers (unaudited)</i>	88
<i>Miscellaneous Statistics (unaudited)</i>	89

*FINANCIAL SECTION*

**BRANTLEY, BOUCHER & FARR LLP**  
Certified Public Accountants

---

P.O. BOX 587  
100 NORTH NINTH STREET  
OPELIKA, ALABAMA 36803-0587

**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, 2003, 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, management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 does 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, and for the reasons described in the third paragraph, 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, 2003, 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 matters discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of the City of Opelika, Alabama, as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2004 on our consideration of the City of Opelika, Alabama's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of September 30, 2003. Also as described in Note 1, the capital asset capitalization threshold was changed.

The management's discussion and analysis and budgetary comparison information on pages VII through XV and 42 through 52, 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 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 combining 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 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 statistical tables have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.



Opelika, Alabama  
March 19, 2004

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Opelika (City), we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2003. The City implemented Governmental Accounting Standards Board Statement 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments for the first time this year. As discussed in footnote 1, Statement 34 allows for certain transition treatments in regards to infrastructure.

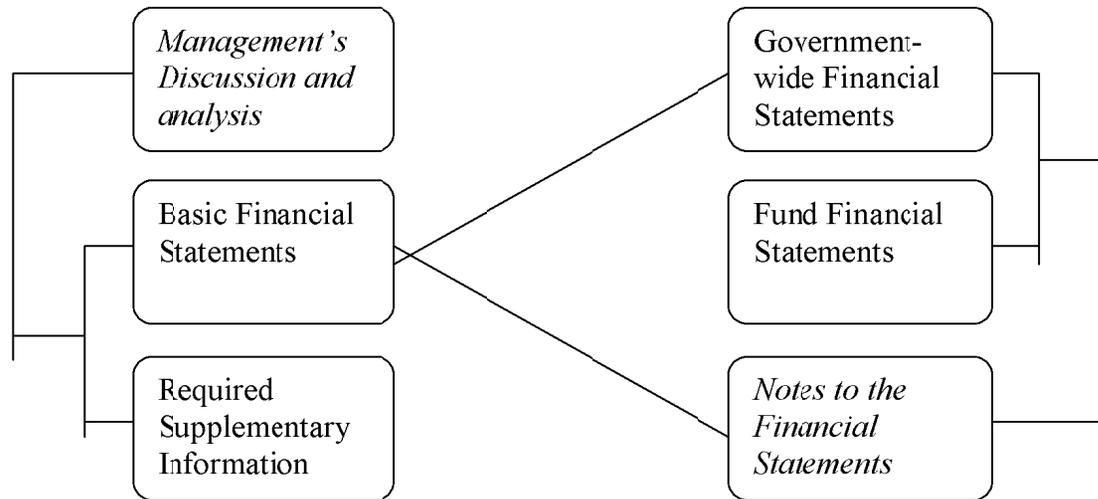
### FINANCIAL HIGHLIGHTS

- The City's cash balances increased as a result of various factors, the most important of which was the receipt of bond proceeds for construction of both the Tiger Town Project and additional sewer filter plant capacity for industrial expansion.
- The City's long-term liabilities increased because of the issuance of the 2003-A General Obligation Warrants. A portion of these bonds were used to refund existing debt and did not increase long-term liabilities. But, \$8,580,000 of the 2003-A bonds were new funding for the Tiger Town Project which increased long-term liabilities. In addition, the long-term liabilities increased \$6,145,000 for new funding from the 2003A bonds to construct additional sewer filter plant capacity.
- The City authorized an increase in the Sales and Use tax rate from two and one half percent to three percent in July of 2003. The additional revenues from this increase are intended by the Mayor and Council to:
  - 1) fund an addition to the education appropriation and,
  - 2) provide funding for debt service on two future capital projects.

## USING THIS ANNUAL REPORT

Since the presentation of the City's primary government financial statements is very different this year, the following graphic is provided for your review.

### Basic Annual Financial Report



The new financial statement format for 2003 provides a dual focus on the primary government of the City as a whole and on individual major funds. Component units, although legally separate, for which the government is financially accountable are not included in these primary government financial statements. The omitted component units are Opelika City Board of Education and Opelika Industrial Development Authority. The reporting for the primary government of the City as a whole is provided by the government-wide financial statements. The reporting for the individual major funds and combined nonmajor funds is provided by the fund financial statements. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

### Reporting the City as a whole

Our analysis of the City as a whole begins on page X. 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 departments, and general administration. Property taxes, sales taxes, occupational license fees, business licenses, and state and federal grants finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the costs of certain services it provides. The operations of the City's electric system, sewer system, and solid waste collection are reported here.

### Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page *XII*. The fund financial statements begin on page 4 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

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

reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide services for the City's other programs and activities – such as the City's Health Insurance Fund.

## 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, assets exceeded liabilities by \$21,305,769, as of September 30, 2003.

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

With the first year implementation of GASB Statement 34, the City is not presenting comparable columns in the various comparisons or analyses for the prior year. In future years a comparative analysis of government-wide data will be presented.

### CITY OF OPELIKA NET ASSETS

	Governmental	Business-type	
	Activities	Activities	Total
Current and other assets	30,207,639	17,257,144	47,464,783
Capital assets	21,235,160	32,356,163	53,591,323
Total assets	<u>51,442,799</u>	<u>49,613,307</u>	<u>101,056,106</u>
Long-term liabilities	51,671,261	11,773,950	63,445,211
Other liabilities	13,648,686	2,656,440	16,305,126
Total liabilities	<u>65,319,947</u>	<u>14,430,390</u>	<u>79,750,337</u>
Net Assets:			
Invested in capital assets, net of related debt	3,845,288	26,557,862	30,403,150
Restricted	584,386	41,523	625,909
Unrestricted	(18,306,822)	8,583,532	(9,723,290)
Total net assets	<u>(13,877,148)</u>	<u>35,182,917</u>	<u>21,305,769</u>

CITY OF OPELIKA CHANGES IN NET ASSETS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues:			
Charges for services	985,992	23,757,609	24,743,601
Operating grants and contributions	182,975	-0-	182,975
Capital grants and contributions	1,522,772	356,683	1,879,457
General revenues:			
Taxes:			
Property	4,768,820	-0-	4,768,820
Sales	9,207,021	-0-	9,207,021
Other	996,560	-0-	996,560
Special assessments	27,106	-0-	27,106
Licenses and permits	8,624,994	-0-	8,624,994
Grants and contributions not restricted to specific programs	307,352	-0-	307,352
Unrestricted investment earnings	286,667	177,180	463,847
Miscellaneous	155,509	-0-	155,509
Total revenues	<u>27,065,768</u>	<u>24,291,474</u>	<u>51,357,242</u>
Expenses:			
General government	3,844,888	-0-	3,844,888
Public safety	9,937,213	-0-	9,937,213
Public works	3,465,854	-0-	3,465,854
Health	249,682	-0-	249,682
Welfare	277,799	-0-	277,799
Culture and recreation	2,734,715	-0-	2,734,715
Education	2,825,794	-0-	2,825,794
Economic development and urban rehabilitation	405,908	-0-	405,908
Interest on long-term debt	2,357,391	-0-	2,357,391
Electric	-0-	17,492,049	17,492,049
Sewer	-0-	2,064,164	2,064,164
Solid Waste	-0-	1,757,163	1,757,163
Total expenses	<u>26,099,244</u>	<u>21,313,376</u>	<u>47,412,620</u>
Increases in net assets before transfers	966,524	2,978,098	3,944,622
Payment on behalf of City of Opelika by IDA	395,000	-0-	395,000
Transfers	3,197,363	(3,197,363)	-0-
Increase in net assets	<u>4,558,887</u>	<u>(219,265)</u>	<u>4,339,622</u>

The City's long-term liabilities include general obligation bonds and warrants, capital leases and compensated absences. Additional information can be found at Footnote 8.

The amount of Net Assets shown as Invested in Capital Assets, Net of Related Debt, includes \$12,400,841 of debt issued to finance acquisition of infrastructure assets which are not included in capital assets. Under GASB 34, infrastructure assets are subject to an extended implementation period. The City will implement the retroactive infrastructure provisions by September 30, 2007.

Restricted Net Assets includes those net assets restricted for specific purposes by external parties or by statute.

Unrestricted Net Assets of \$(18,306,822) includes \$27,881,562 of debt issued to finance the acquisition of assets to benefit the City as a whole for which the City does not retain ownership. This includes outstanding debt issued for 1) constructing and equipping schools of \$14,789,562, 2) constructing a portion of the Conference Center at Grand National Golf Course of \$4,265,000, and 3) developing the industrial park by the Opelika Industrial Development Authority of \$8,827,000.

## **THE CITY'S FUNDS**

### **Governmental Funds**

The focus of the City'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.

As the City completed the year, its governmental funds (as presented in the balance sheet on pages 4-5) reported a combined fund balance of \$17,546,104. The General Fund's total fund balance is \$9,856,246, which is an increase of \$1,122,595 or 12.85%. The General Fund's Undesignated, Unreserved Fund Balance increased 10.84% from \$3,462,692 to \$3,838,192 due to increased sales tax revenues during the year. The increase in fund balance designated for road construction is due to a transfer in from the Sewer Fund of approximately \$903,000 to return the amount transferred to the Sewer Fund in a prior year for additions to the sewer system which were funded from other sources. The Tiger Town Capital Projects Fund was established to account for construction of public infrastructure improvements necessary to develop a new retail shopping complex. Net assets of the fund of \$4,710,747 represent the unspent balance of bond proceeds issued to finance the project.

### **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 Electric and Sewer Funds had very small changes in net assets over the fiscal year 2002. Net assets for the Electric Fund decreased a little less than 1% and the net assets for the Sewer Fund decreased a little more than 2%. Solid Waste Fund net assets decreased significantly by 35.89% or \$284,956 to a balance of \$509,092. This decrease was the result of a \$190,903 loss and write-off of \$94,053 of capital assets due to a change in the capitalization policy (see note 1).

**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, 2003. These adjustments are itemized below:

- 1) \$335,658, appropriated to the Utilities Board for a water line in the industrial park.
- 2) \$101,773, appropriated for the Dunlop Road project.
- 3) \$238,162, appropriated for a turning lane at Southern Union State Community College.
- 4) \$163,100, appropriated for a veteran’s memorial.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2003, amounts to \$53,591,323 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, systems, improvements other than buildings, equipment, infrastructure and construction in progress. See footnote 5 for additional capital asset information.

This year’s major additions include:

Tiger Town Project	4,286,766
North Park Drive	724,671
Dunlop Road	334,913
North Park Sewer	250,123
Wastewater Treatment Facility expansion	452,495
Light and Power system additions	808,837
Turning lane at Southern Union Community College	174,889
Veterans memorial	60,933

During fiscal year ended September 30, 2004, the City plans to complete construction of Phase I and Phase II infrastructure and begin construction of Phase III infrastructure for the Tiger Town shopping complex.

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

	Governmental	Business-type	Total
	Activities	Activities	
	2003	2003	
Land	2,435,381	419,282	2,854,663
Buildings and improvements	5,318,186	128,751	5,446,937
System	-	29,127,928	29,127,928
Improvements other than buildings	2,799,578	-	2,799,578
Equipment	4,746,796	1,178,971	5,925,767
Infrastructure	1,239,414	-	1,239,414
Construction in process	4,695,805	1,501,231	6,197,036
Total	<u>21,235,160</u>	<u>32,356,163</u>	<u>53,591,323</u>

### Debt Administration

At the end of fiscal year September 30, 2003, the City had total bonded debt and long-term liabilities of \$67,658,923. New debt in the amount of \$26,050,000 was issued to 1) fund infrastructure for the Tiger Town shopping complex, 2) fund improvements to the sewer system, and 3) refund \$11,740,000 of 1993A and B General Obligation Warrants. The City has committed to issue, in 2004, approximately \$7,000,000 of general obligation warrants to fund the renovation of Opelika Middle School to be repaid from property taxes restricted for school purposes.

The general obligation bond rating of the City remains unchanged at A+ (Standard & Poor's) and A1 (Moody's) based on a stable outlook, expanding economy, and sound financial position. Maximum general obligation debt that cities can issue (with certain exclusions for debt issued for schools, sewers, and storm sewers) is 20% of the assessed value of real and personal property. As of September 30, 2003, the City had approximately \$17,000,000 of available debt margin. See footnote 7 for additional information about the City's general long-term debt and other long-term liabilities.

### Outstanding Debt at Year End

	Governmental	Business-Type	Total
	Activities	Activities	
General Obligation Bonds	42,411,750	11,935,000	54,346,750
Other long-term debt	8,827,000	-0-	8,827,000
Capital leases	366,303	-0-	366,303
Deferred amounts of refunding	(246,311)	(49,213)	(296,024)
Unamortized premiums	1,341,137	155,083	1,497,220
Compensated absences	2,297,276	145,360	2,443,636
Claims and judgements	474,039	-0-	474,039
Total	<u>55,470,694</u>	<u>12,188,230</u>	<u>67,658,924</u>

## **ECONOMIC FACTORS**

The City's elected and appointed officials considered many factors when setting the fiscal year 2004 budget, tax rates and fees that will be charged for the business-type activities. One of these factors is the economy.

Opelika's economy, which was once a textile manufacturing based economy is expanding into an economy with new commercial, residential and industrial developments. The city has benefited from the growth of the automotive industry in Alabama. Uniroyal/Michelin remains the largest industry in Opelika, with Bentele Automotive, a Hyundai parts supplier, and Mando, another automotive supplier, building new plants in the city during 2004. Tiger Town, a new commercial development, will also open in 2004 with several national retail stores.

The unemployment rate of 3.9% remained well below the state and national averages of 5.8% and 6.0%, respectively. Property tax values have grown approximately 7% per year since fiscal 1994, including reappraisals, although there is notable concentration as the top ten ad valorem taxpayers represent almost 25% of the tax base. However, as new businesses enter the tax rolls in fiscal 2005, this concentration should decline.

Opelika's financial position is sound, with healthy reserve levels and continued expectations of revenue growth from sales taxes. Revenues are derived primarily from a local three percent sales tax, a one and a half percent occupational license fee, ad valorem taxes and business licenses.

Debt levels are expected to decrease in future years as the new commercial and industrial facilities increase the overall tax base. In addition, almost two thirds of the current general obligation debt payable from governmental funds will be retired in ten years. Approximately \$8.6 million of all outstanding debt is associated with the Tiger Town retail project and sales tax revenue from the project is expected to cover the debt service on this portion. In addition, if sales tax revenue from the Tiger Town project is insufficient to meet the debt service on the approximately \$8.6 million debt associated with the project, the developers have guaranteed to fund the debt service requirement starting in 2005.

## **FINANCIAL CONTACT**

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

***BASIC FINANCIAL STATEMENTS***

**CITY OF OPELIKA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2003**

<i>ASSETS</i>	<i>GOVERNMENTAL ACTIVITIES</i>	<i>BUSINESS-TYPE ACTIVITIES</i>	<i>TOTAL</i>
Cash	\$ 10,637,584	\$ 4,541,829	\$ 15,179,413
Certificates of deposit	1,995,000	3,095,665	5,090,665
Receivables			
Accounts and unbilled service receivable, net	-	2,356,450	2,356,450
Sales and use tax	1,040,957	-	1,040,957
Occupational license tax	1,667,173	-	1,667,173
Property taxes	1,997,784	-	1,997,784
Fines and forfeitures	206,641	-	206,641
Other	278,552	14,566	293,118
Due from other governments	699,849	288,893	988,742
Inventory of supplies, at cost	79,678	672,150	751,828
Restricted assets:			
Temporarily restricted:			
Cash with fiscal agent	1,374,859	6,049,913	7,424,772
Certificates of deposit with fiscal agent	3,790,690	-	3,790,690
Receivable for property taxes, restricted for school purposes	3,474,025	-	3,474,025
Investments	1,300,539	-	1,300,539
Permanently restricted:			
Investments	436,101	-	436,101
Deferred charges and debt issue costs	646,185	235,177	881,362
Advances to other governments			
Due within one year	99,080	-	99,080
Due in more than one year	216,902	-	216,902
Other	19,229	2,501	21,730
Capital assets:			
Land	2,435,381	419,282	2,854,663
Building	9,521,581	264,695	9,786,276
Improvements other than buildings and system	3,789,621	53,761,385	57,551,006
Equipment	11,395,674	4,172,375	15,568,049
Infrastructure	1,282,152	-	1,282,152
Construction work in progress	4,695,805	1,501,231	6,197,036
Total original cost	33,120,214	60,118,968	93,239,182
Less: accumulated depreciation	(11,885,054)	(27,762,805)	(39,647,859)
Capital assets, net	21,235,160	32,356,163	53,591,323
 Total assets	 \$ 51,195,988	 \$ 49,613,307	 \$ 100,809,295

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

**CITY OF OPELIKA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2003**

<i><b>LIABILITIES</b></i>	<i><b>GOVERNMENTAL ACTIVITIES</b></i>	<i><b>BUSINESS-TYPE ACTIVITIES</b></i>	<i><b>TOTAL</b></i>
Accounts payable	\$ 1,447,744	\$ 1,818,076	\$ 3,265,820
Accrued payroll and benefits	489,220	205,242	694,462
Debt service payable	842,809	-	842,809
Due to other funds	746,163	(746,163)	-
Due to other governments	166,315	-	166,315
Accrued interest payable	193,534	23,531	217,065
Unearned revenue	5,716,657	64,088	5,780,745
Long-term liabilities:			
Due within one year	4,046,244	400,000	4,446,244
Due in more than one year	51,424,450	11,788,230	63,212,680
Customer deposits	-	877,386	877,386
Total liabilities	<u>65,073,136</u>	<u>14,430,390</u>	<u>79,503,526</u>
 <i><b>NET ASSETS</b></i>			
Net assets:			
Invested in capital assets, net of related debt	3,858,518	26,557,862	30,416,380
Restricted for:	-	41,523	41,523
Capital projects	2,745,438	-	2,745,438
Debt service	310,738	-	310,738
Other purposes	483,179	-	483,179
Unrestricted	(21,275,021)	8,583,532	(12,691,489)
Total net assets	<u>\$ (13,877,148)</u>	<u>\$ 35,182,917</u>	<u>\$ 21,305,769</u>

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

**CITY OF OPELIKA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2003**

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
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 3,844,888	\$ 16,043	\$ -	\$ -	\$ (3,828,845)	\$ -	\$ (3,828,845)
Public safety	9,937,213	554,365	182,975	-	(9,199,873)	-	(9,199,873)
Public works	3,465,854	189,231	-	1,124,524	(2,152,099)	-	(2,152,099)
Health	249,682	-	-	-	(249,682)	-	(249,682)
Welfare	277,799	-	-	320,917	43,118	-	43,118
Culture and recreation	2,734,715	226,353	-	77,331	(2,431,031)	-	(2,431,031)
Education	2,825,794	-	-	-	(2,825,794)	-	(2,825,794)
Economic development and urban rehabilitation	405,908	-	-	-	(405,908)	-	(405,908)
Interest on long-term debt	2,357,391	-	-	-	(2,357,391)	-	(2,357,391)
Total governmental activities	<u>26,099,244</u>	<u>985,992</u>	<u>182,975</u>	<u>1,522,772</u>	<u>(23,407,505)</u>	<u>-</u>	<u>(23,407,505)</u>
Business-type activities:							
Electric	17,492,049	19,610,552	-	49,817	-	2,168,320	2,168,320
Sewer	2,064,164	2,533,692	-	306,868	-	776,396	776,396
Solid waste	1,757,163	1,613,365	-	-	-	(143,798)	(143,798)
Total business-type activities	<u>21,313,376</u>	<u>23,757,609</u>	<u>-</u>	<u>356,685</u>	<u>-</u>	<u>2,800,918</u>	<u>2,800,918</u>
Total primary government	<u>\$ 47,412,620</u>	<u>\$ 24,743,601</u>	<u>\$ 182,975</u>	<u>\$ 1,879,457</u>	<u>(23,407,505)</u>	<u>2,800,918</u>	<u>(20,606,587)</u>
General revenues:							
Taxes:							
Property					4,768,820	-	4,768,820
Sales					9,207,021	-	9,207,021
Other					996,560	-	996,560
Special assessments					27,106	-	27,106
Licenses and permits					8,624,994	-	8,624,994
Grants and contributions not restricted to specific programs					307,352	-	307,352
Unrestricted investment earnings					286,667	177,180	463,847
Miscellaneous					155,509	-	155,509
Payment on behalf of City of Opelika by Industrial Development Authority					395,000	-	395,000
Transfers					3,197,363	(3,197,363)	-
Total general revenues and transfers					<u>27,966,392</u>	<u>(3,020,183)</u>	<u>24,946,209</u>
Change in net assets					4,558,887	(219,265)	4,339,622
Net assets - beginning					(18,436,035)	35,402,182	16,966,147
Net assets - ending					<u>\$ (13,877,148)</u>	<u>\$ 35,182,917</u>	<u>\$ 21,305,769</u>

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

**CITY OF OPELIKA**  
*BALANCE SHEET*  
**GOVERNMENTAL FUNDS**  
 SEPTEMBER 30, 2003

<i>ASSETS</i>	<u>GENERAL FUND</u>	<u>SCHOOL TAX SPECIAL REVENUE FUND</u>	<u>TIGERTOWN CAPITAL PROJECTS FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and cash equivalents	\$ 6,275,419	\$ -	\$ -	\$ 2,824,958	\$ 9,100,377
Certificates of deposit	1,987,000	-	-	8,000	1,995,000
Receivables					
Occupation license taxes	1,667,173	-	-	-	1,667,173
Sales and other taxes	1,040,957	-	-	-	1,040,957
Property taxes	1,997,784	3,474,025	-	-	5,471,809
Fines and forfeitures	206,641	-	-	-	206,641
Assessments	58,893	-	-	-	58,893
Accrued interest	-	-	1,421	2,148	3,569
Other	83,718	-	71,791	-	155,509
Due from other funds	335,535	111,091	2,556	31,566	480,748
Due from other governments	48,211	-	-	651,638	699,849
Advances to other governments	315,982	-	-	-	315,982
Inventories of supplies, at cost	79,678	-	-	-	79,678
Restricted assets:					
Cash with fiscal agent	-	-	1,374,859	-	1,374,859
Certificates of deposit with fiscal agent	-	-	3,790,690	-	3,790,690
Investments	-	-	-	1,736,640	1,736,640
 Total assets	 <u>\$ 14,096,991</u>	 <u>\$ 3,585,116</u>	 <u>\$ 5,241,317</u>	 <u>\$ 5,254,950</u>	 <u>\$ 28,178,374</u>

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

**CITY OF OPELIKA**  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2003

	<u>GENERAL FUND</u>	<u>SCHOOL TAX SPECIAL REVENUE FUND</u>	<u>TIGERTOWN CAPITAL PROJECTS FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 488,569	\$ -	\$ 456,256	\$ 325,053	\$ 1,269,878
Retainage payable	-	-	74,314	51,033	125,347
Matured bonds and interest payable	-	-	-	842,809	842,809
Accrued payroll and benefits	468,360	-	-	2,247	470,607
Due to other funds	712,121	-	-	337,075	1,049,196
Due to other governments	55,224	111,091	-	-	166,315
Deferred revenue	2,516,471	3,474,025	-	717,622	6,708,118
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	4,240,745	3,585,116	530,570	2,275,839	10,632,270
Fund balances:					
Reserved for advances to other governments	48,742	-	-	-	48,742
Reserved for encumbrances	422,797	-	3,011,337	274,937	3,709,071
Reserved for inventories of supplies	79,678	-	-	-	79,678
Reserved for law enforcement	56,238	-	-	-	56,238
Reserved for debt service	-	-	-	451,730	451,730
Reserved for permanent funds - nonexpendable	-	-	-	445,794	445,794
Unreserved:					
Designated for construction and debt service on roads	4,815,709	-	-	-	4,815,709
Designated for infrastructure improvements	40,770	-	-	-	40,770
Designated for capital asset additions	462,398	-	-	-	462,398
Designated for community activities	91,722	-	-	-	91,722
Unreserved, undesignated, reported in:					
General Fund	3,838,192	-	-	-	3,838,192
Special revenue funds	-	-	-	2,238,476	2,238,476
Capital projects funds	-	-	1,699,410	(431,826)	1,267,584
Total fund balances	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	9,856,246	-	4,710,747	2,979,111	17,546,104
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 14,096,991	\$ 3,585,116	\$ 5,241,317	\$ 5,254,950	\$ 28,178,374

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, 2003*

Total fund balances -- governmental funds \$ 17,546,104

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. 21,235,160

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. 782,936

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. 994,270

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Governmental bonds payable	\$	(51,605,053)	
Premiums, debt issuance and refunding costs		(448,141)	
Accrued interest payable		(193,534)	
Compensated absences		(2,188,890)	<u>(54,435,618)</u>

Net assets of governmental activities \$ (13,877,148)

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, 2003**

	<u>GENERAL FUND</u>	<u>SCHOOL TAX SPECIAL REVENUE FUND</u>	<u>TIGERTOWN CAPITAL PROJECTS FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Revenues:					
Taxes:					
Property	\$ 1,647,540	\$ 3,121,280	\$ -	\$ -	\$ 4,768,820
Sales	9,207,021	-	-	-	9,207,021
Other	994,353	-	-	-	994,353
Occupational license fees	6,628,000	-	-	-	6,628,000
Business licenses and permits	2,144,293	-	-	-	2,144,293
Intergovernmental revenues	424,955	-	-	1,098,700	1,523,655
Charges for services	481,568	-	-	-	481,568
Fines and forfeitures	360,832	-	-	-	360,832
Investment income	157,765	-	25,057	126,292	309,114
Miscellaneous	168,426	-	-	11,969	180,395
Total revenues	<u>22,214,753</u>	<u>3,121,280</u>	<u>25,057</u>	<u>1,236,961</u>	<u>26,598,051</u>
Expenditures:					
Current:					
General government	3,321,986	-	-	2,825	3,324,811
Public safety	9,168,708	-	-	26,195	9,194,903
Public works	2,901,348	-	-	25,799	2,927,147
Health	248,759	-	-	-	248,759
Welfare	62,500	-	-	215,299	277,799
Culture and recreation	2,457,049	-	-	122	2,457,171
Education	1,701,000	1,124,794	-	-	2,825,794
Economic development and urban rehabilitation	252,026	-	-	151,095	403,121
Capital outlay:	886,417	-	4,286,766	1,537,354	6,710,537
Debt service:					
Principal retirement	472,012	-	-	2,645,000	3,117,012
Interest and fiscal charges	605,081	-	-	1,787,700	2,392,781
Bond issue costs	-	-	144,760	155,580	300,340
Total expenditures	<u>22,076,886</u>	<u>1,124,794</u>	<u>4,431,526</u>	<u>6,546,969</u>	<u>34,180,175</u>
Excess of revenues over (under) expenditures	<u>\$ 137,867</u>	<u>\$ 1,996,486</u>	<u>\$ (4,406,469)</u>	<u>\$ (5,310,008)</u>	<u>\$ (7,582,124)</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**  
 SEPTEMBER 30, 2003

	<i>GENERAL FUND</i>	<i>SCHOOL TAX SPECIAL REVENUE FUND</i>	<i>TIGERTOWN CAPITAL PROJECTS FUND</i>	<i>OTHER GOVERNMENTAL FUNDS</i>	<i>TOTAL GOVERNMENTAL FUNDS</i>
Other financing sources (uses):					
Proceeds from issuance of debt	\$ -	\$ -	\$ 9,251,692	\$ -	\$ 9,251,692
Proceeds of refunding bonds	-	-	-	10,022,979	10,022,979
Sale of capital assets	19,190	-	-	-	19,190
Transfers from governmental funds	-	-	-	4,587,579	4,587,579
Transfers from proprietary funds	3,422,155	-	-	71,487	3,493,642
Transfers to governmental funds	(2,456,617)	(1,996,486)	(134,476)	(287,985)	(4,875,564)
Transfers to proprietary funds	-	-	-	(8,294)	(8,294)
Payment to refunded bond escrow agent	-	-	-	(9,904,681)	(9,904,681)
Total other financing sources (uses)	<u>984,728</u>	<u>(1,996,486)</u>	<u>9,117,216</u>	<u>4,481,085</u>	<u>12,586,543</u>
Net change in fund balances	1,122,595	-	4,710,747	(828,923)	5,004,419
Fund balances, beginning of year	<u>8,733,651</u>	<u>-</u>	<u>-</u>	<u>3,808,034</u>	<u>12,541,685</u>
Fund balances, end of year	<u>\$ 9,856,246</u>	<u>\$ -</u>	<u>\$ 4,710,747</u>	<u>\$ 2,979,111</u>	<u>\$ 17,546,104</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 BALANCE TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2003**

Net change in fund balances - all governmental funds		\$ 5,004,419
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	6,693,946	
Less: current year depreciation	(1,553,736)	5,140,210
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		420,294
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	(17,880,000)	
Premium on debt issued	(1,394,671)	
Debt issuance and refunding costs	396,880	
Principal payments on outstanding debt	13,166,012	(5,711,779)
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds		
		210,799
Internal service funds and internal charges are used by management to charge the costs of workmen's compensation and employee's health insurance, and certain administrative support services to individual funds. The excess of expenditures over revenues is reported with governmental activities.		
		(505,056)
Change in net assets of governmental activities		\$ 4,558,887

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

**CITY OF OPELIKA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2003**

<i>ASSETS</i>	<i>ELECTRIC UTILITY</i>	<i>SEWER SYSTEM</i>	<i>SOLID WASTE COLLECTION</i>	<i>TOTALS</i>	<i>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</i>
Current assets:					
Cash	\$ 4,017,800	\$ 500,682	\$ 23,347	\$ 4,541,829	\$ 1,537,207
Certificates of deposit	3,095,665	-	-	3,095,665	-
Accounts and unbilled service receivable, net	2,104,111	186,489	65,850	2,356,450	57,770
Accrued interest	14,566	-	-	14,566	2,808
Due from other funds	228,607	350,357	1,005	579,969	343,542
Due from other governments	-	288,893	-	288,893	-
Inventory of supplies, at cost	672,150	-	-	672,150	-
Total current assets	<u>10,132,899</u>	<u>1,326,421</u>	<u>90,202</u>	<u>11,549,522</u>	<u>1,941,327</u>
Restricted assets:					
Cash with fiscal agent	-	6,049,913	-	6,049,913	-
Total restricted assets	<u>-</u>	<u>6,049,913</u>	<u>-</u>	<u>6,049,913</u>	<u>-</u>
Deferred charges:					
Unamortized bond issue costs	-	235,177	-	235,177	-
Capital assets					
Land	72,033	116,703	230,546	419,282	-
Building	199,066	21,823	43,806	264,695	-
System	27,031,839	26,729,546	-	53,761,385	-
Equipment	1,532,459	856,666	1,783,250	4,172,375	-
Construction work in progress	361,709	1,139,522	-	1,501,231	-
Total original cost	<u>29,197,106</u>	<u>28,864,260</u>	<u>2,057,602</u>	<u>60,118,968</u>	<u>-</u>
Less: accumulated depreciation	<u>17,846,930</u>	<u>8,543,104</u>	<u>1,372,771</u>	<u>27,762,805</u>	<u>-</u>
Capital assets, net	<u>11,350,176</u>	<u>20,321,156</u>	<u>684,831</u>	<u>32,356,163</u>	<u>-</u>
Other assets:					
Deposits	-	2,501	-	2,501	19,229
Total other assets	<u>-</u>	<u>2,501</u>	<u>-</u>	<u>2,501</u>	<u>19,229</u>
Total assets	<u>\$ 21,483,075</u>	<u>\$ 27,935,168</u>	<u>\$ 775,033</u>	<u>\$ 50,193,276</u>	<u>\$ 1,960,556</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, 2003**

<i>LIABILITIES</i>	<i>ELECTRIC UTILITY</i>	<i>SEWER SYSTEM</i>	<i>SOLID WASTE COLLECTION</i>	<i>TOTALS</i>	<i>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS</i>
Current liabilities:					
Accounts payable	\$ 1,349,005	\$ 436,149	\$ 32,922	\$ 1,818,076	52,519
Current portion of bonds payable	-	400,000	-	400,000	-
Accrued payroll and benefits	101,025	45,430	58,787	205,242	-
Due to other funds	2,773	4,427	16,573	23,773	331,290
Interest payable	-	23,531	-	23,531	-
Liability for unpaid claims	-	-	-	-	279,272
Deferred revenue	-	-	64,088	64,088	118,453
Total current liabilities	<u>1,452,803</u>	<u>909,537</u>	<u>172,370</u>	<u>2,534,710</u>	<u>781,534</u>
Noncurrent liabilities:					
Bonds payable, net of current portion and discount	-	11,641,870	-	11,641,870	-
Accrued employee benefits	49,120	45,119	52,121	146,360	-
Liability for unpaid claims	-	-	-	-	321,767
Customer deposits	835,936	-	41,450	877,386	-
Total noncurrent liabilities	<u>885,056</u>	<u>11,686,989</u>	<u>93,571</u>	<u>12,665,616</u>	<u>321,767</u>
Total liabilities	<u>2,337,859</u>	<u>12,596,526</u>	<u>265,941</u>	<u>15,200,326</u>	<u>1,103,301</u>
Net assets:					
Invested in capital assets, net of related debt	11,350,176	14,522,855	684,831	26,557,862	-
Restricted	-	41,523	-	41,523	-
Unrestricted	7,795,040	774,264	(175,739)	8,393,565	857,255
Total net assets	<u>\$ 19,145,216</u>	<u>\$ 15,338,642</u>	<u>\$ 509,092</u>	<u>\$ 34,992,950</u>	<u>\$ 857,255</u>
				189,967	
				<u>35,182,917</u>	
					Net assets of business-type activities

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, 2003**

	<i>ELECTRIC UTILITY</i>	<i>SEWER SYSTEM</i>	<i>SOLID WASTE COLLECTION</i>	<i>TOTALS</i>	<i>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</i>
Operating revenues:					
Charges for services, net	\$ 19,522,846	\$ 2,527,569	\$ 1,604,976	\$ 23,655,391	\$ 1,688,955
Operating expenses:					
Power purchased	14,158,081	-	-	14,158,081	-
Personal services	1,423,204	646,257	930,773	3,000,234	-
Insurance claims and expenses					2,048,870
Other	981,631	579,967	727,765	2,289,363	-
Depreciation	1,028,895	583,824	148,918	1,761,637	-
Total operating expenses	<u>17,591,811</u>	<u>1,810,048</u>	<u>1,807,456</u>	<u>21,209,315</u>	<u>2,048,870</u>
Operating income (oss)	<u>1,931,035</u>	<u>717,521</u>	<u>(202,480)</u>	<u>2,446,076</u>	<u>(359,915)</u>
Nonoperating revenues (expenses):					
Investment revenue	141,664	32,138	3,378	177,180	44,823
Miscellaneous revenue	87,706	6,123	8,389	102,218	-
Interest expense and fiscal charges	-	(294,028)	-	(294,028)	-
Other expenses	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>229,370</u>	<u>(255,767)</u>	<u>11,767</u>	<u>(14,630)</u>	<u>44,823</u>
Income before other revenues and transfers	<u>2,160,405</u>	<u>461,754</u>	<u>(190,713)</u>	<u>2,431,446</u>	<u>(315,092)</u>
Other revenues and transfers in (out):					
Capital contributions from developers	49,817	185,000	-	234,817	-
Capital contributions from grantors	-	121,868	-	121,868	-
Operating transfers in	-	8,294	-	8,294	-
Operating transfers (out)	(2,254,467)	(951,000)	(190)	(3,205,657)	-
Total other revenues and transfers	<u>(2,204,650)</u>	<u>(635,838)</u>	<u>(190)</u>	<u>(2,840,678)</u>	<u>-</u>
Change in net assets	(44,245)	(174,084)	(190,903)	(409,232)	(315,092)
Net assets, beginning of year	19,295,932	15,554,342	794,048		1,172,347
Less: Change in capital asset capitalization policy	(106,471)	(41,616)	(94,053)		-
Net assets, beginning of year as adjusted	<u>19,189,461</u>	<u>15,512,726</u>	<u>699,995</u>		<u>1,172,347</u>
Net assets, end of year	<u>\$ 19,145,216</u>	<u>\$ 15,338,642</u>	<u>\$ 509,092</u>		<u>\$ 857,255</u>
				189,967	
				<u>\$ (219,265)</u>	

Adjustment to charge back loss of Internal Service Funds and reflect reversal of indirect cost allocations  
Change in net assets of business type activities

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, 2003**

	<i>ELECTRIC UTILITY</i>	<i>SEWER SYSTEM</i>	<i>SOLID WASTE COLLECTION</i>	<i>TOTALS</i>	<i>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</i>
Cash flows from operating activities:					
Receipts from customers	\$ 19,026,399	\$ 2,442,611	\$ 1,604,617	\$ 23,073,627	\$ -
Receipts from other funds for services	591,926	-	-	591,926	1,699,735
Customer deposits received	223,329	-	41,695	265,024	-
Customer deposits returned	(185,325)	-	(16,295)	(201,620)	-
Payments to suppliers for goods and services	(15,371,725)	(257,836)	(724,942)	(16,354,503)	(319,927)
Payments to employees for services	(1,420,829)	(638,108)	(938,496)	(2,997,433)	-
Claims paid	-	-	-	-	(1,650,491)
Internal activity - payments (to) from other funds	(32,576)	27,711	(3,993)	(8,858)	-
Other receipts (payments)	87,706	6,135	18,389	112,230	-
Net cash provided by (used for) operating activities	<u>2,918,905</u>	<u>1,580,513</u>	<u>(19,025)</u>	<u>4,480,393</u>	<u>(270,683)</u>
Cash flows from noncapital financing activities:					
Repayments by other funds	-	282,585	-	282,585	-
Advances to other funds	-	(434,027)	-	-	-
Operating transfers from (to) other funds	(2,254,467)	(469,191)	(190)	(2,723,848)	-
Net cash provided by (used for) noncapital financing activities	<u>(2,254,467)</u>	<u>(620,633)</u>	<u>(190)</u>	<u>(2,441,263)</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Proceeds from capital debt	-	8,332,739	-	8,332,739	-
Debt issuance and refunding costs	-	(164,452)	-	(164,452)	-
Acquisition and construction of capital assets	(940,678)	(1,030,616)	(139,999)	(2,111,293)	-
Principal paid on debt maturities	-	(2,471,000)	-	(2,471,000)	-
Interest and fiscal fees paid on debt maturities	-	(414,724)	-	(414,724)	-
Capital contributions	49,817	78,957	-	128,774	-
Proceeds from sale of assets	-	-	-	-	-
Net cash used for capital and related financing activities	<u>(890,861)</u>	<u>4,330,904</u>	<u>(139,999)</u>	<u>3,300,044</u>	<u>-</u>
Cash flows from investing activities:					
Purchase of investment securities	(6,181,739)	(6,640,830)	-	(12,822,569)	-
Proceeds from sale and maturities of investment securities	6,159,279	592,669	-	6,751,948	-
Interest on investments	145,200	72,119	3,378	220,697	42,015
Net cash provided by (used for) investing activities	<u>122,740</u>	<u>(5,976,042)</u>	<u>3,378</u>	<u>(5,849,924)</u>	<u>42,015</u>
Net increase (decrease) in cash and cash equivalents	(103,683)	(685,258)	(155,836)	(510,750)	(228,668)
Cash and cash equivalents at beginning of year	<u>4,121,483</u>	<u>1,185,940</u>	<u>179,183</u>	<u>5,486,606</u>	<u>1,765,875</u>
Cash and cash equivalents at end of year	<u>\$ 4,017,800</u>	<u>\$ 500,682</u>	<u>\$ 23,347</u>	<u>\$ 4,975,856</u>	<u>\$ 1,537,207</u>

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

**CITY OF OPELIKA**  
**STATEMENT OF CASH FLOWS, CONTINUED**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2003**

	<i>ELECTRIC UTILITY</i>	<i>SEWER SYSTEM</i>	<i>SOLID WASTE COLLECTION</i>	<i>TOTALS</i>	<i>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</i>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,931,035	\$ 717,521	\$ (202,480)	\$ 2,446,076	\$ (359,915)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,028,895	583,824	148,918	1,761,637	-
Miscellaneous revenue	87,706	6,123	8,389	102,218	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable and unbilled service receivable	95,479	(818)	(88)	94,573	(57,770)
(Increase) decrease in due from other funds	(30,354)	23,595	(566)	(7,325)	(3,247)
(Increase) decrease in due from other governments	-	(84,140)	10,000	(74,140)	-
(Increase) decrease in inventories	(97,020)	-	-	(97,020)	-
(Increase) decrease in other assets	-	12	-	12	-
Increase (decrease) in accounts payable	(134,993)	322,131	2,823	189,961	(30,530)
Increase (decrease) in accrued payroll and benefits	9,633	4,423	(4,318)	9,738	-
Increase (decrease) in liability for unpaid claims	-	-	-	-	166,752
Increase (decrease) in due to other funds	(2,222)	4,116	(3,427)	(1,533)	-
Increase (decrease) in deferred revenue	-	-	(271)	(271)	14,027
Increase (decrease) in accrued employee benefits	(7,258)	3,726	(3,405)	(6,937)	-
Increase (decrease) in customer deposits	38,004	-	25,400	63,404	-
Net cash provided by (used for) operating activities	<u>\$ 2,918,905</u>	<u>\$ 1,580,513</u>	<u>\$ (19,025)</u>	<u>\$ 4,480,393</u>	<u>\$ (270,683)</u>
Non cash investing, capital and financing activities:					
Capital assets contributed by developers	\$ -	\$ 185,000	\$ -	\$ 185,000	\$ -
Undepreciated costs of capital assets removed due to change in accounting principle	\$ 106,471	\$ 41,616	\$ 94,053	\$ 242,140	\$ -
Reconciliation of cash and cash equivalents to the combining balance sheet:					
Total cash per the combining balance sheet	\$ 7,113,465	\$ 500,682	\$ 23,347	\$ 7,637,494	\$ 1,537,207
Less: Deposits not meeting the definition of cash equivalents	3,095,665	-	-	3,095,665	-
Cash and cash equivalents at end of year	<u>\$ 4,017,800</u>	<u>\$ 500,682</u>	<u>\$ 23,347</u>	<u>\$ 4,541,829</u>	<u>\$ 1,537,207</u>

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

***NOTES TO THE FINANCIAL STATEMENTS***

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30 2003*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Opelika (City), incorporated in 1854, is a municipal corporation currently governed by a mayor-council form of government consisting of the 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.

In order to comply with the new financial reporting requirements of the Governmental Accounting Standards Board (GASB), the City implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* for the fiscal year ended September 30, 2003. Certain of the significant changes in the Statement include the following:

For the first time the financial statements include:

- 1) A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- 2) Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.) and depreciation on capital assets of the governmental funds.
- 3) A change in focus in the fund financial statements to emphasize the major funds.

These and other changes are reflected in the accompanying financial statements including the notes to financial statements. The City has elected to implement the general provisions of the Statements in the current year and plans to report infrastructure assets acquired prior to September 30, 2002 within the fiscal year ending September 30, 2007.

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30 2003*

**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 of \$9,615,000 issued for school purposes at September 30, 2003 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 2003, the City collected \$3,112,743 of ad valorem taxes of which \$1,996,486 was used for debt service and \$1,100,000 was remitted to the Board. At September 30, 2003, \$111,091 (including \$16,257 for 2003) in collections had not been remitted and is included in amounts due to other governments. In addition, the City made an appropriation to the Board of \$1,701,000 for 2003.

City of Opelika Industrial Development Authority recruits industry and promotes economic development for the City of Opelika. The City Council appoints the members to the Authority's Board and has a revocable agreement with the Authority to make annual appropriations to the Authority for debt service on the Authority's bonds and a general obligation to pay \$1,700,000 of the bonds if the annual appropriation is not continued. In 2003, the City paid \$772,952 in debt service payments for the Authority and appropriated an additional \$90,000 to the Authority.

*Related Organizations.* The City's officials are also responsible for appointing the members of the board of other organizations, but the City's accountability for the organizations does not extend beyond making the appointments. These organizations are the Utilities Board of the City of Opelika, Medical Clinic Board of the City of Opelika, Housing Authority of the City of Opelika and Opelika Downtown Redevelopment Authority. For the fiscal year ended September 30, 2003, the City received \$13,526 in payments in lieu of property taxes from the Housing Authority of the City of Opelika. In addition, the City paid \$329,776 to the Utilities Board of the City of Opelika for a water line to the industrial park.

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2003*

**Joint Ventures.** The City is a participant in one joint venture in which it retains an ongoing financial interest and 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, gave each party 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 buildings which are included in capital assets. The cities lease the Indian Pines Golf Course to the Indian Pines Recreation Authority, a jointly governed organization. The Authority operates the golf course on a month-to-month basis with the lease terms continuing in force from the original lease which expired in 1979. The Indian Pines Golf Course Joint Venture had no debts outstanding at September 30, 2003 and no net income or loss for the fiscal year then ended. Because the joint venture has no operations, no financial statements are prepared.

**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 \$75,543 to the Lee-Russell Council of Governments for the year ended September 30, 2003.

The East Alabama Regional Solid Waste Disposal Authority is a corporation created to provide for the collection and disposal of solid waste and to encourage planning for disposal of solid waste and resource recovery in East Alabama. The organization is governed by a twelve member board composed of one appointee each from various cities and counties in the area. The City appoints one board member. The East Alabama Regional Solid Waste Disposal Authority received \$7,511 from the City for the year ended September 30, 2003.

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 Center is a corporation created to provide mental health services to the East Alabama area. The Corporation has thirty-three directors, three of whom are appointed by the City. The remainder are appointed by the various cities and counties in the area. The City appropriated \$45,000 to the East Alabama Mental Health Center for the year ended September 30, 2003.

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2003*

Lee County Youth Development Center is a corporation created to provide youth services in Lee County. The board is composed of twelve members. Opelika, Auburn and Lee County each appoint four members. The City appropriated \$32,000 to the Lee County Youth Development Center for the year ended September 30, 2003.

East Alabama Medical Center is a corporation created to provide healthcare to the East Alabama area. The Board is composed of nine members. Opelika, Auburn and Lee County each appoint three members. The City appropriated \$275,600 to the East Alabama Medical Center for emergency medical services for the year ended September 30, 2003.

**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. In the new reporting model, the focus is on either the City as a whole or major individual funds, within the fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks and recreation, public works, economic development, library, and general administrative services are classified as governmental activities. The City's electric, sewer, and solid waste collection services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column and (b) are reported on a full accrual, economic resource 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 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.

The general fund allocates some costs of providing administrative services to the enterprise funds. These indirect costs are eliminated in preparing the government-wide statements.

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30 2003*

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, and 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.

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 or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Each major fund is presented as a separate column on the fund financial statements; all non-major funds are aggregated and presented as a single column. The fund statements are presented on the current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

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.

*Tiger Town Capital Projects Fund* accounts for the construction of a portion of the streets, utilities and other infrastructure for a new retail shopping complex.

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

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30 2003*

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

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, costs incurred and/or net income is necessary for management accountability. All the City's enterprise funds are major funds. They are as follows:

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

*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.

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30 2003*

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

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

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

**Fiduciary Funds:**

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

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

Measurement focus refers to what is being measured, 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

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30 2003*

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 and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

All ad valorem taxes levied by the state, county and any municipality in Lee County are assessed and collected by the Revenue Commissioner of Lee County. Taxes are levied in June, due on October 1 and delinquent after January 1. Taxes collected by the Tax Collector 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 receivable and deferred revenue as of the fiscal year end in which the taxes are levied. For the fiscal year ended September 30, 2003, 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 the 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**

For cash flow statement purposes, 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.

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30 2003*

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 which is determined using selected bases. 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 allowance of \$280,774 in the Electric Utility Fund and \$70,626 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 portion of fund balance is not available for other subsequent expenditures.

**G. RESTRICTED ASSETS**

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

**H. ADVANCES TO OTHER GOVERNMENTS**

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

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
 SEPTEMBER 30 2003

assets. Current portions of other governments' loans receivable (reported in "Due from" asset accounts) are considered "available spendable resources."

**I. CAPITAL ASSETS**

Capital assets, which include land, buildings, system, equipment, and construction in progress, are carried at cost. Property and equipment donations are recorded at their estimated fair value at the date of donation. Renewals and betterments are capitalized if they significantly extend the useful life of the asset. Repairs and maintenance are recorded as expenses. Interest is capitalized in the proprietary funds during the construction period for system additions. In 2003, interest of \$83,222 was capitalized.

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:

	<i>Minimum Cost</i>	<i>Useful Life</i>
Buildings	\$ 10,000	20 - 30 years
Improvements other than buildings	\$ 10,000	5 - 20 years
Electric system	\$ 10,000	20 years
Sewer system	\$ 10,000	50 years
Infrastructure	\$ 50,000	10 - 50 years
Machinery and equipment	\$ 5,000	3 - 20 years

Effective October 1, 2002, the City revised its capitalization threshold for capital assets from \$500 to the amounts noted above. As a result of the revision, all capital assets below the thresholds were removed from the financial records. The governmental activities net assets at October 1, 2002 were reduced by \$3,355,490 and the business-type activities net assets were reduced by \$242,240.

GASBS No. 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, bridges, and storm water drainage, among others. These infrastructure assets are likely to be the largest asset class of the City. Neither their cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is required by fiscal years ending in 2007. The City has elected to implement the general provisions of GASBS No. 34 in the current year and will implement the retroactive infrastructure provisions within the fiscal year ended September 30, 2007.

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30 2003*

**J. 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 that portion of the accumulated sick leave benefits that is estimated will 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 it. Amounts not expected to be liquidated with expendable available financial resources are reported as other long-term liabilities.

**K. LONG-TERM LIABILITIES**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**L. NET ASSETS**

Net assets represents 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 improvements 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.

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30 2003*

**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.

**2. BUDGETING AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles 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 adopted.

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.

**3. ACCOUNTING FOR SYSTEM ADDITIONS AND RETIREMENTS - ENTERPRISE FUNDS**

Cost of materials, labor and overhead identified with additions and improvements are added to 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. 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 FINANCIAL STATEMENTS*  
 SEPTEMBER 30 2003

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.

#### 4. DEPOSITS AND INVESTMENTS

**Deposits.** At September 30, 2003, the carrying amount of the City's deposits in financial institutions was \$24,270,078 and the bank balance was \$20,700,675. Of these amounts, \$5,090,665 of carrying amount and bank balance were held as certificates of deposit. During 2001, 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, 2003, 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.

	<i>Cost</i>	<i>Fair Value/ Carrying Amount</i>
U.S. Government Money Market Funds	\$ 1,171,670	\$ 1,171,670
Interest Bearing Deposit Accounts	11,394,208	11,394,208
U.S. Government Agency Obligations	250,000	251,218
Stock Mutual Funds	154,855	135,006
Total investments	<u>\$ 12,970,733</u>	<u>\$ 12,952,102</u>

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
 SEPTEMBER 30 2003

**5. 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	\$ 2,084,204	\$ 351,177	\$ -	\$ 2,435,381
Construction in process	37,147	4,669,634	10,976	4,695,805
Total capital assets not being depreciated	<u>2,121,351</u>	<u>5,020,811</u>	<u>10,976</u>	<u>7,131,186</u>
Capital assets being depreciated:				
Buildings and improvements	9,521,581	-	-	9,521,581
Improvements other than buildings	3,640,851	148,770	-	3,789,621
Equipment	11,411,393	258,804	274,523	11,395,674
Infrastructure	-	1,282,152	-	1,282,152
Total capital assets being depreciated	<u>24,573,825</u>	<u>1,689,726</u>	<u>274,523</u>	<u>25,989,028</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,973,085)	(230,310)	-	(4,203,395)
Improvements other than buildings	(875,075)	(114,968)	-	(990,043)
Equipment	(5,752,066)	(1,165,720)	(268,908)	(6,648,878)
Infrastructure	-	(42,738)	-	(42,738)
Total accumulated depreciation	<u>(10,600,226)</u>	<u>(1,553,736)</u>	<u>(268,908)</u>	<u>(11,885,054)</u>
Total capital assets being depreciated, net	<u>13,973,599</u>	<u>135,990</u>	<u>5,615</u>	<u>14,103,974</u>
Governmental activities capital assets, net	<u>\$ 16,094,950</u>	<u>\$ 5,156,801</u>	<u>\$ 16,591</u>	<u>\$ 21,235,160</u>

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
 SEPTEMBER 30 2003

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 419,282	\$ -	\$ -	\$ 419,282
Construction in process	1,312,092	1,881,416	(1,692,277)	1,501,231
Total capital assets not being depreciated	<u>1,731,374</u>	<u>1,881,416</u>	<u>(1,692,277)</u>	<u>1,920,513</u>
Capital assets being depreciated:				
Buildings and improvements	264,695	-	-	264,695
Systems	51,863,614	1,897,771	-	53,761,385
Equipment	3,857,791	314,584	-	4,172,375
Total capital assets being depreciated	<u>55,986,100</u>	<u>2,212,355</u>	<u>-</u>	<u>58,198,455</u>
Less accumulated depreciation for:				
Buildings and improvements	(122,716)	(13,228)	-	(135,944)
Systems	(23,182,303)	(1,451,154)	-	(24,633,457)
Equipment	(2,674,170)	(319,234)	-	(2,993,404)
Total accumulated depreciation	<u>(25,979,189)</u>	<u>(1,783,616)</u>	<u>-</u>	<u>(27,762,805)</u>
Total capital assets being depreciated, net	30,006,911	428,739	-	30,435,650
Business-type activities capital assets, net	<u>\$ 31,738,285</u>	<u>\$ 2,310,155</u>	<u>\$ (1,692,277)</u>	<u>\$ 32,356,163</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 330,577
Public safety	552,129
Public works, including infrastructure	439,764
Culture and recreation	231,266
Total governmental activities depreciation expense	<u>\$ 1,553,736</u>
Business-type activities:	
Electric	\$ 1,050,874
Sewer	583,824
Solid waste	148,918
Total depreciation	1,783,616
Less amounts capitalized in construction	(21,979)
Total business-type activities depreciation expense	<u>\$ 1,761,637</u>

**CITY OF OPELIKA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30 2003**

**6. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at September 30, 2003 consisted of the following:

<i><b>DUE TO</b></i>	<i><b>DUE FROM</b></i>								<i><b>Total</b></i>
	<i>General Fund</i>	<i>School Tax Special Revenue</i>	<i>Tiger Town Capital Project</i>	<i>Non-major Governmental</i>	<i>Internal Service</i>	<i>Electric Utility</i>	<i>Sewer System</i>	<i>Solid Waste Collection</i>	
General Fund	\$ -	\$ 111,091	\$ -	\$ 24,411	\$ 9,002	\$ 218,167	\$ 349,450	\$ -	\$ 712,121
Non-major Governmental	320,773	-	2,556	3,300	6	10,440	-	-	337,075
Electric Utility Fund	-	-	-	139	976	-	907	751	2,773
Sewer System	-	-	-	3,716	457	-	-	254	4,427
Solid Waste Collection	14,762	-	-	-	1,811	-	-	-	16,573
Total	<u>\$ 335,535</u>	<u>\$ 111,091</u>	<u>\$ 2,556</u>	<u>\$ 31,566</u>	<u>\$ 12,252</u>	<u>\$ 228,607</u>	<u>\$ 350,357</u>	<u>\$ 1,005</u>	<u>\$ 1,072,969</u>

The balance of \$349,450 due to the Sewer System Fund from the General Fund includes a \$434,027 advance to cover cash overdraft. All remaining balances resulted from time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

<i><b>TRANSFER TO</b></i>	<i><b>TRANSFER FROM</b></i>							<i><b>Total</b></i>
	<i>General Fund</i>	<i>School Tax Special Revenue</i>	<i>Tiger Town Capital Project</i>	<i>Non-major Governmental</i>	<i>Electric Utility</i>	<i>Sewer System</i>	<i>Solid Waste Collection</i>	
General Fund	\$ -	\$ -	\$ -	\$ 287,985	\$ 2,230,924	\$ 903,056	\$ 190	\$ 3,422,155
Non-major Governmental	2,456,617	1,996,486	134,476	-	23,543	47,944	-	4,659,066
Sewer System	-	-	-	8,294	-	-	-	8,294
Total	<u>\$ 2,456,617</u>	<u>\$ 1,996,486</u>	<u>\$ 134,476</u>	<u>\$ 296,279</u>	<u>\$ 2,254,467</u>	<u>\$ 951,000</u>	<u>\$ 190</u>	<u>\$ 8,089,515</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service funds as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) move budgeted contributions from proprietary funds to general fund.

**CITY OF OPELIKA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2003

**7. LONG-TERM LIABILITIES**

Long-term liabilities at September 30, 2003 consisted of the following issues:

	<u>Governmental</u>	<u>Business-type</u>
Bonds:		
1989 General Obligation Sewer Warrants, Series SRF due in annual installments of \$400,000 to \$520,000 through August 15, 2011, bearing interest at 5%	\$ -	\$ 3,765,000
General Obligation Warrants, Series 1994-A due in annual installments of \$660,000 to \$735,000 through July 1, 2006, bearing interest rates of 5.40% to 5.60%	2,090,000	-
General Obligation School Warrants, Series 1996 due in annual installments of \$155,000 to \$280,000 through February 15, 2016, bearing interest rates of 4.30% to 5.20%	2,725,000	-
General Obligation Warrants, Series 1998 due in annual installments of \$100,000 to \$1,170,000 through July 1, 2014, bearing interest rates of 3.75% to 4.35%	8,465,000	-
Taxable Variable/Fixed Rate Industrial Development Revenue Bonds, Series 1998-A due in annual installments of \$175,000 to \$575,000 through June 1, 2023, bearing variable interest rate of 1.19% at September 30, 2003	6,605,000	-
Taxable Industrial Development Revenue Bonds, Series 1998-B due in annual installments of \$50,000 to \$210,000 through June 1, 2023, bearing variable rate of 2.95% at September 30, 2003	2,222,000	-
General Obligation Warrant, dated April 15, 1999 due in quarterly installments of \$9,284 through April 15, 2006. Payment includes interest at 5.22%	96,750	-
General Obligation School Warrants, Series 2000 due in annual installments of \$180,000 to \$515,000 through October 1, 2025, bearing interest rates of 4.60% to 5.60%	6,890,000	-
General Obligation Warrants, Series 2002, semiannual interest only payments of \$212,505 paid through August 1, 2012, annual installments of \$130,000 to \$330,000 starting February 1, 2013 through February 1, 2032, bearing interest rate of 4.30% to 5.125%	4,265,000	-
	<u>Governmental</u>	<u>Business-type</u>

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
 SEPTEMBER 30, 2003

General Obligation Warrants, Series 2003, due in annual installments of \$1,710,000 to \$2,265,000 through April 1, 2023, bearing interest rates of 2.00% to 5.25%	18,974,326	8,276,870
<b>Capital leases:</b>		
Capital lease on fire truck, due in annual installments of \$98,183 through June 25, 2004, bearing interest at 4.90%	93,596	-
Capital lease on communication equipment, due in monthly installments of \$10,082 through February 9, 2006, bearing interest at 5.65%	272,707	-
<b>Other liabilities:</b>		
Compensated absences	2,297,276	146,360
Claims and judgments	474,039	-
<b>Total long-term liabilities</b>	<b>\$ 55,470,694</b>	<b>\$ 12,188,230</b>

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

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
Governmental activities					
Debt:					
General obligation bonds	\$ 36,902,073	\$ 17,880,000	\$ 12,370,323	\$ 42,411,750	\$ 2,837,707
Other long-term debt	9,427,000	-	600,000	8,827,000	225,000
Capital leases	557,947	-	191,644	366,303	201,954
	<u>46,887,020</u>	<u>17,880,000</u>	<u>13,161,967</u>	<u>51,605,053</u>	<u>3,264,661</u>
Deferred amounts of refunding		(255,130)	(8,319)	(246,811)	
Unamortized premiums		1,394,671	53,534	1,341,137	
Total debt	<u>46,887,020</u>	<u>19,019,541</u>	<u>13,207,182</u>	<u>52,699,379</u>	<u>3,264,661</u>
Other liabilities:					
Compensated absences	2,213,619	568,096	484,439	2,297,276	629,311
Claims and judgments	300,287	398,033	224,281	474,039	152,272
Total other liabilities	<u>2,513,906</u>	<u>966,129</u>	<u>708,720</u>	<u>2,771,315</u>	<u>781,583</u>
Total governmental activities	<u>\$ 49,400,926</u>	<u>\$ 19,985,670</u>	<u>\$ 13,915,902</u>	<u>\$ 55,470,694</u>	<u>\$ 4,046,244</u>

**CITY OF OPELIKA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2003

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
Business-type activities:					
Debt:					
General obligation debt	\$ 6,236,000	\$ 8,170,000	\$ 2,471,000	\$ 11,935,000	\$ 400,000
Deferred amounts of refunding	-	(50,675)	(1,462)	(49,213)	
Unamortized premiums and discounts	(7,997)	162,738	(1,342)	156,083	
	<u>6,228,003</u>	<u>8,282,063</u>	<u>2,468,196</u>	<u>12,041,870</u>	<u>400,000</u>
Compensated absences	153,297	15,241	22,178	146,360	
Total business-type activities	<u>\$ 6,381,300</u>	<u>\$ 8,297,304</u>	<u>\$ 2,490,374</u>	<u>\$ 12,188,230</u>	<u>\$ 400,000</u>

Payments on the governmental activities debt are made by the debt service funds or the general fund. The compensated absences liability for the governmental activities will be liquidated by the general fund. The claims and judgments liability for the governmental activities will be liquidated through the internal service funds described in Note 8.

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

The City issued \$26,050,000 General Obligation Warrants, Series 2003-A dated May 1, 2003. The warrants were issued (1) to make improvements to the sewer system, (2) to construct a portion of the streets, utilities and other infrastructure for a new retail shopping complex, (3) to pay the costs of issuing the bonds and (4) to refund, on a current basis, the outstanding principal of the General Obligation Warrants, Series 1993-A and the General Obligation Warrants, 1993-B. On June 27, 2003, the City paid the \$7,790,000 principal balance of the General Obligation Warrants, Series 1993-A and the \$3,950,000 principal balance of the General Obligation Warrants, Series 1993-B. The cash flow requirements of the new debt were \$554,228 less than the cash flow requirements of the old debt. The refunding resulted in an economic gain of \$658,745. The reacquisition price exceeded the net carrying amount of the old debt by \$305,805. This deferred amount on refunding is being amortized over the remaining life of the old debt which is slightly shorter than the life of the new debt.

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30, 2003*

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

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

The bonds are secured by a first mortgage on the real estate and certain agreements between the Authority and the City of Opelika, known as the Reserve Agreement and the Annual Appropriation Agreement. The Reserve Agreement includes the unconditional and irrevocable general obligation of the City of Opelika to provide not less than \$1,700,000 to the Authority for payment of principal and interest on the bonds, which will remain in effect until the bonds are paid or retired, will not be subject to revocation or termination at the option of the City of Opelika and will be chargeable against the constitutional debt limit of the City of Opelika. The Annual Appropriation Agreement includes the conditional and revocable obligation of the City of Opelika to provide an average of \$851,000 each year to the Authority for not less than 25 years for payment of the principal and interest on the bonds payable in each such year, which will remain in effect until the bonds are fully paid and retired, will be subject to revocation and termination at the sole option of the City of Opelika at the end of any fiscal year (after the city shall have paid the amounts due for such year) and will be payable solely from current revenues and funds on hand of the City of Opelika for each fiscal year and will not constitute a "debt" of the City of Opelika and will not be chargeable against the constitutional debt limit of the City of Opelika.

The obligation of the City for the payments due under the Annual Appropriation Agreement is shown as other long term debt net of the \$1,700,000 which is shown as general obligation debt in accordance with the terms of the Reserve Agreement. The financing and bond documents of the Authority provide that the real estate for the industrial park will be sold at fair market value to any public or private person wishing to locate in the industrial park and the proceeds of such sale will be applied to the prepayment of the bonds. On June 1, 2003, the Authority applied \$395,000 of sales proceeds to the 1998A issue. As a result, the City recognized revenue of that amount. As of September 30, 2003, the Authority had applied \$395,000 of sales proceeds to the 1998A issue and \$123,000 of sales proceeds to the 1998B issue.

The City has two lease agreements as lessee to finance the acquisitions of equipment used principally for public safety. Lease payments are made by the general fund. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date. Equipment under lease at September 30, 2003 consists of a fire truck and communication equipment with gross costs of \$902,991 and accumulated depreciation of \$207,018.

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

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
 SEPTEMBER 30 2003

***Governmental Activities***

	<b><i>General Obligations</i></b>		<b><i>Other Long-term Debt</i></b>	
	<b><i>Principal</i></b>	<b><i>Interest</i></b>	<b><i>Principal</i></b>	<b><i>Interest</i></b>
2004	\$ 2,837,707	\$ 1,964,462	\$ 426,954	\$ 161,375
2005	2,399,459	1,860,460	354,641	146,938
2006	3,379,584	1,716,371	304,708	137,472
2007	3,245,000	1,549,884	275,000	132,588
2008	3,395,000	1,394,319	290,000	128,173
2009-2013	16,390,000	4,637,202	1,810,000	563,703
2014-2018	4,300,000	2,184,928	2,580,000	394,109
2019-2023	3,020,000	1,411,966	3,152,000	149,183
2024-2028	2,215,000	561,619	-	-
2029-2033	1,230,000	129,919	-	-
Total	<u>\$ 42,411,750</u>	<u>\$ 17,411,130</u>	<u>\$ 9,193,303</u>	<u>\$ 1,813,541</u>

***Business-type Activities***

	<b><i>General Obligation</i></b>	
	<b><i>Principal</i></b>	<b><i>Interest</i></b>
2004	\$ 400,000	\$ 538,275
2005	430,000	518,275
2006	495,000	495,650
2007	790,000	464,150
2008	830,000	424,150
2009-2013	3,515,000	1,503,994
2014-2018	2,465,000	903,726
2019-2023	3,010,000	343,748
Total	<u>\$ 11,935,000</u>	<u>\$ 5,191,968</u>

***Advance Refundings.*** The City has entered into advance refunding transactions related to certain of its bonded debt. At the time of the issuance of the General Obligation Warrants, Series 1984, the City established a trust fund consisting of \$2,296,600 in United States Treasury Obligations. The principal and interest on the said United States Treasury Obligations will be sufficient when paid according to the respective terms to make full and timely payment of the principal and interest maturing on the General Obligation Refunding School Warrants of March 1,

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
 SEPTEMBER 30 2003

1978 and General Obligation Refunding School Warrants of August 15, 1982. On February 15, 2002, \$540,000 of the General Obligation Refunding School Warrants of March 1, 1978 were called. The General Obligation Refunding School Warrants of August 15, 1982 were called in prior years.

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

The liability for the refunded warrants and the related securities and escrow accounts are not included in the accompanying financial statements as the City defeased its obligation for payment of the refunded bonded debt upon completion of the refunding transactions mentioned above. Shown below are the outstanding principal balances as of September 30, 2003 of the bond issues which have been refunded and are payable from escrow accounts:

General Obligation Refunding School Warrants, dated March 1, 1978	\$	820,000
General Obligation Road Construction Warrants, dated July 1, 1994		7,625,000
Total		\$ 8,445,000

## 8. 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 2-1-02 to 2-1-03 is \$375,576, 2-1-01 to 2-1-02 is \$383,919 and 2-1-00 to 2-1-01 is \$304,486. Settled claims have not exceeded the fund's retained risk in any of the past three fiscal years.

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

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
 SEPTEMBER 30 2003

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 \$474,039 at September 30, 2003. 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 2.9% and includes 1) known claims, 2) claims that have been incurred but not reported, 3) previously closed claims which may reopen, and 4) allocated loss adjustment expenses. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Changes in the Fund's claims liability for the last three years were as follows:

	<i>Beginning Balance</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>		<i>Ending Balance</i>
<i>2000-2001</i>	\$ 412,068	125,083	245,448	\$	291,703
<i>2001-2002</i>	\$ 291,703	214,118	205,534	\$	300,287
<i>2002-2003</i>	\$ 300,287	398,033	224,281	\$	474,039

Effective October 1, 2001, the City established 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. The Fund provides coverage for up to \$75,000 per individual covered under the plan. Individual Excess Loss coverage has been purchased to insure claims in excess of \$75,000 in any one year. The City purchased \$1,000,000 of Aggregate Excess Loss Insurance which provides insurance coverage in the event that claims exceed the maximum recommended premium (attachment point) for the coverage period. The risk of loss is assumed by the City for claims in excess of total premiums paid to the Fund of \$1,257,987 and the attachment point of \$1,778,532. Settled claims during the first two years did not exceed the Fund's retained risk and commercial insurance coverage. There were no significant reductions in insurance coverages in 2003.

The claims liability of \$157,781 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This liability includes an actuarially calculated amount for claims that have been incurred but not reported at the balance sheet date. Because actual liabilities for claims

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
 SEPTEMBER 30 2003

depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount.

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

		<i>Beginning Balance</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Claim Payments</i>		<i>Ending Balance</i>
	\$	-	1,382,837	1,181,077	\$	201,760
<i>2001-2002</i>						
<i>2002-2003</i>	\$	201,760	1,324,461	1,368,440	\$	157,781

## 9. DEFINED BENEFIT PENSION PLANS

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

Substantially all employees are members of the Employees' Retirement System of Alabama. Membership is mandatory for covered or eligible employees of the City of Opelika, Alabama. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The methods are (1) minimum guaranteed, and (2) formula, of which the formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members. Act 2000-669 provides that, effective January 1, 2001, at retirement, a certified police officer or firefighter will receive one additional year of creditable service for each five years of service (as a certified police officer or firefighter) in determining the retirement allowance.

The Employees' Retirement System was established October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police, and on an elective basis to all cities, counties, towns and quasi-public organizations. The responsibility for general administration and operation of the Employees' Retirement System is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-6. Authority to amend the plan rests with the Legislature of Alabama. However, the Legislature has granted the City authority to accept or reject various cost-of-living-adjustments

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
 SEPTEMBER 30 2003

(COLA's) 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, 2003 was 5.28% of annual covered payroll. The contribution requirements of plan members and the City are established by state statute.

**Annual Pension Cost.** For 2003, the City's annual pension cost of \$968,237 was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2001 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) an 8.0% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 4.61% to 7.75% per year, and (c) 0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 4.5%. 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 on an open basis.

<i>Trend Information</i>			
<i>Fiscal Year Ending</i>	<i>Annual Pension Contribution (APC)</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation (NPO)</i>
9/30/00	\$ 674,474	100 %	\$ 0
9/30/01	\$ 702,190	100 %	\$ 0
9/30/02	\$ 753,500	100 %	\$ 0

**CITY OF OPELIKA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2003

<i>Schedule of Funding Progress</i>						
<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>
9/30/00	\$ 33,345,871	\$ 33,991,751	\$ 645,880	98.1 %	\$ 12,208,539	5.30 %
9/30/01	\$ 34,865,960	\$ 38,297,733	\$ 3,431,773	91.0 %	\$ 12,526,217	27.40 %
9/30/02	\$ 35,357,567	\$41,433,278	\$ 6,075,711	85.3 %	\$ 12,976,999	46.80 %

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

\*\* Reflects effects of January 1, 2001 change in awarding service years to firefighters and law enforcement officers in determining the retirement allowance.

#### 10. 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 \$12,545,388 under this contract in 2003. 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.

#### 11. COMMITMENTS AND CONTINGENCIES

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, 2003.

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 expenditures disallowed under terms of the grant. City management believes such disallowance, if any, will be immaterial.

**CITY OF OPELIKA**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*SEPTEMBER 30 2003*

**12. SUBSEQUENT EVENTS**

On March 2, 2004, the City committed to issue \$7,145,000 in general obligation school warrants Series 2004-A to finance new construction and improvements to the Board of Education's schools, including the Board of Education's middle school. The Board of Education will enter into a funding agreement to remit to the City amounts sufficient to pay debt service on the warrants. Ad valorem taxes restricted for school purposes will be pledged to the City by the Board of Education to secure the funding agreement.

On March 16, 2004, the Council approved a resolution to provide up to \$5,000,000 (excluding interest charges) to the Lee County Commission to assist in the construction of a consolidated county and municipal jail facility. In addition, the Mayor was authorized to enter into negotiations with the Lee County Commission concerning the construction of shared courtroom and magistrate offices within the Lee County Justice Center Complex. Council must approve any agreement when finalized.

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF OPELIKA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2003**

<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	\$ 8,700,000	\$ 8,700,000	\$ 9,207,021	\$ 507,021
Property:				
Property	1,754,000	1,754,000	1,629,890	(124,110)
Payments in lieu of taxes	19,000	19,000	17,650	(1,350)
	<u>1,773,000</u>	<u>1,773,000</u>	<u>1,647,540</u>	<u>(125,460)</u>
Other:				
Gasoline	614,000	614,000	606,622	(7,378)
Cigarette	114,000	114,000	101,102	(12,898)
Rental	316,000	316,000	275,632	(40,368)
Wine	12,000	12,000	10,997	(1,003)
	<u>1,056,000</u>	<u>1,056,000</u>	<u>994,353</u>	<u>(61,647)</u>
Total taxes	<u>11,529,000</u>	<u>11,529,000</u>	<u>11,848,914</u>	<u>319,914</u>
Special assessments:	<u>4,000</u>	<u>4,000</u>	<u>5,516</u>	<u>1,516</u>
Licenses and permits:				
Occupational	<u>6,486,000</u>	<u>6,486,000</u>	<u>6,628,000</u>	<u>142,000</u>
Business:				
General	1,762,000	1,762,000	1,640,166	(121,834)
Lodging	245,000	245,000	287,723	42,723
Franchise fee	63,000	63,000	69,105	6,105
	<u>2,070,000</u>	<u>2,070,000</u>	<u>1,996,994</u>	<u>(73,006)</u>
Permits and inspections	<u>131,000</u>	<u>131,000</u>	<u>147,299</u>	<u>16,299</u>
Total licenses and permits	<u>8,687,000</u>	<u>8,687,000</u>	<u>8,772,293</u>	<u>85,293</u>

Unaudited

**CITY OF OPELIKA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL, CONTINUED**  
**YEAR ENDED SEPTEMBER 30, 2003**

<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	83,000	83,000	74,698	(8,302)
Shared state revenue:				
Bank excise tax	64,000	64,000	-	(64,000)
Business privilege tax	65,000	65,000	66,136	1,136
Share of liquor tax profits	40,000	40,000	47,483	7,483
State asset forfeiture	-	4,700	14,472	9,772
	<u>169,000</u>	<u>173,700</u>	<u>128,091</u>	<u>(45,609)</u>
Shared federal revenue:				
Federal asset forfeiture	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other:				
Grants				
Federal	-	1,500	1,500	-
State	-	-	163,000	163,000
Lee County	53,666	53,666	54,166	500
Local governments	-	-	3,500	3,500
	<u>53,666</u>	<u>55,166</u>	<u>222,166</u>	<u>167,000</u>
Total intergovernmental revenue	<u>305,666</u>	<u>311,866</u>	<u>424,955</u>	<u>113,089</u>
Charges for services:				
Administration:				
Water Works Board	13,000	13,000	13,329	329
Other governments	-	-	-	-
	<u>13,000</u>	<u>13,000</u>	<u>13,329</u>	<u>329</u>
Public safety:				
Federal entities	-	-	-	-
Board of Education	-	-	15,000	15,000
Housing Authority	62,200	62,200	31,572	(30,628)
Water Works Board	60,000	60,000	63,398	3,398
Other	50,000	50,000	50,000	-
Towing, fire calls, and fire training	2,000	2,000	2,714	714
	<u>174,200</u>	<u>174,200</u>	<u>162,684</u>	<u>(11,516)</u>

Unaudited

**CITY OF OPELIKA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL, CONTINUED**  
**YEAR ENDED SEPTEMBER 30, 2003**

<i>DESCRIPTION</i>	<i>ORIGINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Public works:				
Other governments	-	-	5,557	5,557
Health:				
Graves and monuments	76,000	76,000	78,575	2,575
Evergreen Cemetery	6,000	6,000	7,800	1,800
	<u>82,000</u>	<u>82,000</u>	<u>86,375</u>	<u>4,375</u>
Culture and recreation:				
Entry fees and concessions	186,000	186,000	213,623	27,623
Total charges for services	<u>455,200</u>	<u>455,200</u>	<u>481,568</u>	<u>26,368</u>
Fines and forfeitures:				
Public safety:				
Fines and costs	284,000	284,000	348,102	64,102
Culture and recreation:				
Fines	-	-	12,730	12,730
Total fines and forfeits	<u>284,000</u>	<u>284,000</u>	<u>360,832</u>	<u>76,832</u>
Miscellaneous revenues:				
Interest earnings	350,000	350,000	157,765	(192,235)
Other:				
Rental income	45,000	45,000	40,639	(4,361)
Contributions	12,000	17,324	13,618	(3,706)
Cemetery lots	46,000	46,000	50,550	4,550
Miscellaneous	70,000	71,712	58,103	(13,609)
Total other	<u>173,000</u>	<u>180,036</u>	<u>162,910</u>	<u>(17,126)</u>
Total miscellaneous revenues	<u>523,000</u>	<u>530,036</u>	<u>320,675</u>	<u>(209,361)</u>
Total revenues	<u>21,787,866</u>	<u>21,801,102</u>	<u>22,214,753</u>	<u>413,651</u>

Unaudited

**CITY OF OPELIKA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL, CONTINUED**  
**YEAR ENDED SEPTEMBER 30, 2003**

<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	95,820	95,820	96,899	1,079
Other	295,619	203,781	22,704	(181,077)
Total mayor	<u>391,439</u>	<u>299,501</u>	<u>119,603</u>	<u>(179,998)</u>
Administration:				
Personal services	79,157	79,175	57,200	(21,975)
Other	163,010	158,448	171,019	12,571
Total administration	<u>242,167</u>	<u>237,523</u>	<u>228,219</u>	<u>(9,404)</u>
Legislative - City Clerk:				
Personal services	120,753	120,753	122,522	1,769
Other	200,567	156,017	180,614	24,597
Total legislative	<u>321,320</u>	<u>276,770</u>	<u>303,136</u>	<u>26,366</u>
Other:				
Revenue:				
Personal services	183,530	183,530	190,315	6,785
Other	25,989	22,808	20,365	(2,443)
	<u>209,519</u>	<u>206,338</u>	<u>210,680</u>	<u>4,342</u>
Accounting:				
Personal services	183,887	196,746	193,852	(2,894)
Other	67,369	66,528	69,295	2,767
	<u>251,256</u>	<u>263,274</u>	<u>263,147</u>	<u>(127)</u>
Community relations:				
Personal services	47,168	47,168	32,438	(14,730)
Other	108,655	100,834	47,125	(53,709)
	<u>155,823</u>	<u>148,002</u>	<u>79,563</u>	<u>(68,439)</u>

Unaudited

**CITY OF OPELIKA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL, CONTINUED**  
**YEAR ENDED SEPTEMBER 30, 2003**

<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	287,588	323,136	280,975	(42,161)
Other	330,516	325,055	329,157	4,102
	<u>618,104</u>	<u>648,191</u>	<u>610,132</u>	<u>(38,059)</u>
Judicial:				
Personal services	186,295	186,295	187,371	1,076
Other	140,175	139,841	119,904	(19,937)
	<u>326,470</u>	<u>326,136</u>	<u>307,275</u>	<u>(18,861)</u>
Human resources administration:				
Personal services	149,540	149,540	150,981	1,441
Other	106,313	116,057	84,012	(32,045)
	<u>255,853</u>	<u>265,597</u>	<u>234,993</u>	<u>(30,604)</u>
Planning:				
Personal services	201,727	201,727	170,845	(30,882)
Other	28,351	27,970	19,697	(8,273)
	<u>230,078</u>	<u>229,697</u>	<u>190,542</u>	<u>(39,155)</u>
Purchasing:				
Personal services	111,983	116,231	113,996	(2,235)
Other	10,564	10,197	6,819	(3,378)
	<u>122,547</u>	<u>126,428</u>	<u>120,815</u>	<u>(5,613)</u>
Nondepartmental:				
Water Works Board	-	335,658	329,776	(5,882)
Auburn-Opelika Airport	51,043	51,043	40,562	(10,481)
Lee-Russell Council of Governments	75,543	84,561	75,543	(9,018)
Opelika Chamber of Commerce	62,000	62,000	62,000	-
Opelika Industrial Development Authority	90,000	90,000	90,000	-
Lee County Extension Service	9,000	9,000	9,000	-
Envision Opelika	-	25,000	25,000	-
Downtown Development Authority	5,000	5,000	5,000	-
Main Street, Inc.	17,000	17,000	17,000	-
	<u>309,586</u>	<u>679,262</u>	<u>653,881</u>	<u>(25,381)</u>
Total other	<u>2,479,236</u>	<u>2,892,925</u>	<u>2,671,028</u>	<u>(221,897)</u>
Total general government	<u>3,434,162</u>	<u>3,706,919</u>	<u>3,321,986</u>	<u>(384,933)</u>

Unaudited

**CITY OF OPELIKA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL, CONTINUED**  
**YEAR ENDED SEPTEMBER 30, 2003**

<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	4,597,404	4,563,944	4,518,401	(45,543)
Other	869,750	861,205	786,507	(74,698)
Total police	<u>5,467,154</u>	<u>5,425,149</u>	<u>5,304,908</u>	<u>(120,241)</u>
Fire:				
Personal services	3,070,314	3,101,261	3,223,865	122,604
Other	375,081	356,548	321,835	(34,713)
Total fire	<u>3,445,395</u>	<u>3,457,809</u>	<u>3,545,700</u>	<u>87,891</u>
Other:				
Nondepartmental:				
National Guard	1,000	1,000	1,000	-
Juvenile Court	10,000	10,000	10,000	-
Lee County Emergency Management	31,500	31,500	31,500	-
Emergency Medical Service	275,600	275,500	275,600	-
Total other	<u>318,100</u>	<u>318,100</u>	<u>318,100</u>	<u>-</u>
Total public safety	<u>9,230,649</u>	<u>9,201,058</u>	<u>9,168,708</u>	<u>(32,350)</u>
Public works:				
Highways and streets:				
Personal services	585,566	594,592	542,431	(52,161)
Other	149,210	125,533	129,553	3,920
Total highways and streets	<u>734,776</u>	<u>720,225</u>	<u>671,984</u>	<u>(48,241)</u>
Engineering:				
Personal services	474,720	475,866	460,169	(15,697)
Other	172,359	178,967	77,691	(101,276)
Total engineering	<u>647,079</u>	<u>654,833</u>	<u>537,860</u>	<u>(116,973)</u>

Unaudited

**CITY OF OPELIKA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL, CONTINUED**  
**YEAR ENDED SEPTEMBER 30, 2003**

<i><b>FUNCTION/DEPARTMENT/OBJECT</b></i>	<i><b>ORIGINAL BUDGET</b></i>	<i><b>FINAL BUDGET</b></i>	<i><b>ACTUAL</b></i>	<i><b>VARIANCE WITH FINAL BUDGET OVER (UNDER)</b></i>
Other:				
Administration:				
Personal services	159,706	159,162	154,115	(5,047)
Other	84,423	77,356	78,574	1,218
	<u>244,129</u>	<u>236,518</u>	<u>232,689</u>	<u>(3,829)</u>
Cemetery:				
Personal services	136,184	136,184	122,283	(13,901)
Other	62,147	60,219	53,473	(6,746)
	<u>198,331</u>	<u>196,403</u>	<u>175,756</u>	<u>(20,647)</u>
Automotive shop:				
Personal services	322,326	324,790	296,036	(28,754)
Other	32,347	32,252	26,782	(5,470)
	<u>354,673</u>	<u>357,042</u>	<u>322,818</u>	<u>(34,224)</u>
Building maintenance:				
Personal services	195,441	195,441	181,080	(14,361)
Other	79,409	75,564	68,599	(7,065)
	<u>274,850</u>	<u>271,105</u>	<u>249,679</u>	<u>(21,426)</u>
Inspection:				
Personal services	200,686	200,586	213,501	12,815
Other	19,000	18,101	17,568	(533)
	<u>219,686</u>	<u>218,787</u>	<u>231,069</u>	<u>12,282</u>
Ground maintenance:				
Personal services	312,669	312,569	296,934	(15,735)
Other	230,059	210,531	182,559	(27,972)
	<u>542,728</u>	<u>523,200</u>	<u>479,493</u>	<u>(43,707)</u>
Total other	<u>1,834,397</u>	<u>1,803,055</u>	<u>1,691,504</u>	<u>(111,551)</u>
Total public works	<u>3,216,252</u>	<u>3,178,113</u>	<u>2,901,348</u>	<u>(276,765)</u>

Unaudited

**CITY OF OPELIKA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL, CONTINUED**  
**YEAR ENDED SEPTEMBER 30, 2003**

<i>FUNCTION/DEPARTMENT/OBJECT</i>	<i>FINAL BUDGET</i>	<i>FINAL BUDGET</i>	<i>ACTUAL</i>	<i>VARIANCE WITH FINAL BUDGET OVER (UNDER)</i>
Health:				
Animal control:				
Personal services	28,271	28,271	28,605	334
Other	7,040	5,357	3,440	(1,917)
	<u>35,311</u>	<u>33,528</u>	<u>32,045</u>	<u>(1,583)</u>
Other:				
Nondepartmental:				
Lee County Health Department	45,000	45,000	45,000	-
East Alabama Mental Health	45,000	45,000	45,000	-
East Alabama Regional Solid Waste Disposal Authority	7,511	7,511	7,511	-
Valley Haven School	1,000	1,000	1,000	-
Lee County Humane Society	51,404	51,404	51,403	(1)
Sickle Cell Association	1,500	1,500	1,500	-
J.W. Darden Foundation	-	16,000	16,000	-
Substance Abuse	45,000	45,000	45,000	-
Employers Child Care Alliance	1,800	1,800	1,800	-
Other	9,000	2,482	2,500	18
Total other	<u>207,215</u>	<u>216,597</u>	<u>216,714</u>	<u>17</u>
Total health	<u>242,526</u>	<u>250,325</u>	<u>248,759</u>	<u>(1,566)</u>
Welfare:				
Other:				
Nondepartmental:				
East Alabama Services for the Elderly	2,500	2,500	2,500	-
Lee County Youth Development Center	32,000	32,000	32,000	-
Boy and Girl's Clubs	10,000	10,000	10,000	-
Council on Human Relations	18,000	18,000	18,000	-
Total welfare	<u>62,500</u>	<u>62,500</u>	<u>62,500</u>	<u>-</u>

Unaudited

**CITY OF OPELIKA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL, CONTINUED**  
**YEAR ENDED SEPTEMBER 30, 2003**

<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	1,310,066	1,310,066	1,241,813	(68,253)
Other	801,815	795,060	748,546	(46,514)
Total parks and recreation	<u>2,111,881</u>	<u>2,105,126</u>	<u>1,990,359</u>	<u>(114,767)</u>
Library:				
Personal services	311,493	318,058	259,720	(58,338)
Other	99,528	144,841	142,470	(2,371)
Total library	<u>411,021</u>	<u>462,899</u>	<u>402,190</u>	<u>(60,709)</u>
Other:				
Nondepartmental:				
Opelika Tree Commission	7,000	7,000	7,000	-
Keep Opelika Beautiful	10,000	20,000	20,000	-
Museum of East Alabama	24,000	25,000	25,000	-
Opelika Arts Association	10,000	10,000	10,000	-
Envision Opelika	-	2,500	2,500	-
Total other	<u>51,000</u>	<u>64,500</u>	<u>64,500</u>	<u>-</u>
Total culture and recreation	<u>2,573,902</u>	<u>2,632,525</u>	<u>2,457,049</u>	<u>(175,476)</u>
Economic Development:				
Personal services	199,596	199,596	186,346	(13,250)
Other	88,917	87,151	65,680	(21,471)
Total economic development	<u>288,513</u>	<u>286,747</u>	<u>252,026</u>	<u>(34,721)</u>
Education:	<u>1,700,000</u>	<u>1,701,000</u>	<u>1,701,000</u>	<u>-</u>
Capital Outlay:	<u>3,452,052</u>	<u>4,127,015</u>	<u>886,417</u>	<u>(3,240,598)</u>

Unaudited

**CITY OF OPELIKA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL, CONTINUED**  
**YEAR ENDED SEPTEMBER 30, 2003**

<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	472,543	472,543	472,012	(531)
Interest	609,897	609,897	605,081	(4,816)
Bond issue costs	-	-	-	-
Total debt service	<u>1,082,440</u>	<u>1,082,440</u>	<u>1,077,093</u>	<u>(5,347)</u>
Total expenditures	<u>25,282,996</u>	<u>26,228,542</u>	<u>22,076,886</u>	<u>(4,151,756)</u>
Excess of revenues over (under) expenditures	<u>(3,495,130)</u>	<u>(4,427,540)</u>	<u>137,867</u>	<u>4,565,407</u>
Other financing sources (uses):				
Proceeds from general long-term debt	-	-	-	-
Sale of fixed assets	30,000	30,000	19,190	(10,810)
Transfers from Electric Utility Fund	2,221,706	2,230,924	2,230,924	-
Transfers from Sewer Fund	-	903,056	903,056	-
Transfers from Solid Waste Collection Fund	-	190	190	-
Transfers from Garden Hills Cemetery Trust Fund	18,000	18,000	9,114	(8,886)
Transfers from General Obligation Debt Service Fund	6,800	17,175	119,325	102,150
Transfers from IAR Grant Funds	146,000	146,000	159,546	-
Transfers to General Obligation Debt Service Funds	(2,409,450)	(2,409,450)	(2,087,808)	321,642
Transfers to General Obligation School Debt Service Funds	-	-	-	-
Transfers to Enterprise Funds	-	(17,771)	-	-
Transfers to Garden Hills Cemetery Perpetual Care Trust Fund	(12,000)	(12,000)	(12,638)	(638)
Transfers to Community Development Fund	(235,025)	(382,750)	(354,488)	28,262
Transfers to Capital Projects Fund	-	-	(1,683)	(1,683)
Total other financing sources (uses)	<u>(233,969)</u>	<u>523,374</u>	<u>984,728</u>	<u>461,354</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(3,729,099)</u>	<u>(3,904,166)</u>	<u>1,122,595</u>	<u>5,026,761</u>
Fund balance, beginning of year	<u>8,733,651</u>	<u>8,733,651</u>	<u>8,733,651</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,004,552</u>	<u>\$ 4,829,485</u>	<u>\$ 9,856,246</u>	<u>\$ 5,026,761</u>

Unaudited

**CITY OF OPELIKA**  
*SCHOOL TAX SPECIAL REVENUE FUND*  
*STATEMENT OF REVENUES, EXPENDITURES, AND*  
*CHANGES IN FUND BALANCES - BUDGET AND ACTUAL*  
*YEAR ENDED SEPTEMBER 30, 2003*

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
Revenues:				
Taxes:				
Property	\$ 2,879,100	\$ 2,879,100	\$ 3,121,280	\$ 242,180
Total revenues	<u>2,879,100</u>	<u>2,879,100</u>	<u>3,121,280</u>	<u>242,180</u>
Expenditures:				
Current:				
Education	800,000	800,000	1,124,794	324,794
Total expenditures	<u>800,000</u>	<u>800,000</u>	<u>1,124,794</u>	<u>324,794</u>
Excess of revenues over (under) expenditures	<u>2,079,100</u>	<u>2,079,100</u>	<u>1,996,486</u>	<u>(82,614)</u>
Other financing sources (uses):				
Transfers to Other Funds	<u>(2,079,100)</u>	<u>(2,079,100)</u>	<u>(1,996,486)</u>	<u>82,614</u>
Total other financing sources (uses)	<u>(2,079,100)</u>	<u>(2,079,100)</u>	<u>(1,996,486)</u>	<u>82,614</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Unaudited

***SUPPLEMENTARY INFORMATION***

***COMBINING NONMAJOR FUNDS STATEMENTS AND SUPPLEMENTAL SCHEDULES***

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

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

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

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

**CITY OF OPELIKA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2003**

	<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>
<i>ASSETS</i>					
Cash and cash equivalents	\$ 2,691,759	\$ 2,500	\$ 130,699	\$ -	\$ 2,824,958
Cash with fiscal agent	-	-	-	-	-
Certificates of deposit	-	8,000	-	-	8,000
Investments	4,426	1,296,113	-	436,101	1,736,640
Receivables	-	-	-	2,148	2,148
Due from other funds	17,007	7,014	-	7,545	31,566
Due from other governments	118,356	-	533,282	-	651,638
Total assets	<u>\$ 2,831,548</u>	<u>\$ 1,315,627</u>	<u>\$ 663,981</u>	<u>\$ 445,794</u>	<u>\$ 5,254,950</u>
<i>LIABILITIES AND FUND BALANCES</i>					
Liabilities:					
Accounts payable	\$ 13,067	\$ -	\$ 311,986	\$ -	\$ 325,053
Retainage payable	21,872	-	29,161	-	51,033
Accrued payroll and benefits	2,247	-	-	-	2,247
Due to other funds	125,852	19,088	192,135	-	337,075
Due to other governments	-	-	-	-	-
Deferred revenue	184,340	-	533,282	-	717,622
Matured bonds and interest payable	-	842,809	-	-	842,809
Total liabilities	<u>347,378</u>	<u>861,897</u>	<u>1,066,564</u>	<u>-</u>	<u>2,275,839</u>
Fund balances:					
Reserved for encumbrances	245,694	-	29,243	-	274,937
Reserved for debt service	-	-	-	-	-
Unreserved, undesignated	2,238,476	451,730	(431,826)	445,794	2,704,174
Total fund balances	<u>2,484,170</u>	<u>451,730</u>	<u>(402,583)</u>	<u>445,794</u>	<u>2,979,111</u>
Total liabilities and fund balances	<u>\$ 2,831,548</u>	<u>\$ 1,315,627</u>	<u>\$ 663,981</u>	<u>\$ 445,794</u>	<u>\$ 5,254,950</u>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2003**

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>GARDEN HILLS CEMETERY PERMANENT FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
Revenues:					
Intergovernmental	\$ 969,085	\$ -	\$ 129,615	\$ -	\$ 1,098,700
Investment income	67,988	17,229	1,986	39,089	126,292
Contributions	11,969	-	-	-	11,969
Total revenues	<u>1,049,042</u>	<u>17,229</u>	<u>131,601</u>	<u>39,089</u>	<u>1,236,961</u>
Expenditures:					
Current:					
General government	-	-	-	2,825	2,825
Public safety	26,195	-	-	-	26,195
Public works	25,799	-	-	-	25,799
Welfare	215,299	-	-	-	215,299
Culture and recreation	122	-	-	-	122
Education	-	-	-	-	-
Economic development and urban rehabilitation	151,095	-	-	-	151,095
Capital outlay:	569,642	-	967,712	-	1,537,354
Debt service:					
Principal retirement	-	2,645,000	-	-	2,645,000
Interest	-	1,787,700	-	-	1,787,700
Bond issue costs	-	155,580	-	-	155,580
Total expenditures	<u>988,152</u>	<u>4,588,280</u>	<u>967,712</u>	<u>2,825</u>	<u>6,546,969</u>
Excess of revenues over (under) expenditures	<u>60,890</u>	<u>(4,571,051)</u>	<u>(836,111)</u>	<u>36,264</u>	<u>(5,310,008)</u>
Other financing sources (uses):					
Proceeds of general long term debt	-	-	-	-	-
Proceeds of refunding bonds	-	10,022,979	-	-	10,022,979
Transfers from governmental funds	45,349	4,218,770	310,823	12,637	4,587,579
Transfers from proprietary funds	23,543	47,944	-	-	71,487
Transfers to governmental funds	-	(119,325)	(159,546)	(9,114)	(287,985)
Transfers to proprietary funds	-	(8,294)	-	-	(8,294)
Payment to refunded bond escrow agent	-	(9,904,681)	-	-	(9,904,681)
Total other financing sources (uses)	<u>68,892</u>	<u>4,257,393</u>	<u>151,277</u>	<u>3,523</u>	<u>4,481,085</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>129,782</u>	<u>(315,658)</u>	<u>(684,834)</u>	<u>39,787</u>	<u>(828,923)</u>
Fund balances, beginning of year	2,354,388	765,388	282,251	406,007	3,808,034
Fund balances, end of year	<u>\$ 2,484,170</u>	<u>\$ 451,730</u>	<u>\$ (402,583)</u>	<u>\$ 445,794</u>	<u>\$ 2,979,111</u>

**CITY OF OPELIKA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**SEPTEMBER 30, 2003**

<b>ASSETS</b>	<i>7¢ STATE GASOLINE TAX FUND</i>	<i>4¢ STATE GASOLINE TAX FUND</i>	<i>CAPITAL IMPROVEMENT FUND</i>	<i>COMMUNITY DEVELOPMENT FUND</i>	<i>ROAD MAINTENANCE FUND</i>	<i>ROSEMERE CEMETERY FUND</i>	<i>COOPER LIBRARY EXPENDABLE TRUST FUND</i>	<i>COMBINED TOTALS</i>
Cash	\$ 118,614	\$ 55,179	\$ 56,883	\$ 227,984	\$ 2,200,140	\$ 32,959	\$ -	\$ 2,691,759
Investments	-	-	-	-	-	-	4,426	4,426
Due from other funds	-	-	139	11,458	5,410	-	-	17,007
Due from other governments	13,729	9,720	-	94,907	-	-	-	118,356
<b>Total assets</b>	<b>\$ 132,343</b>	<b>\$ 64,899</b>	<b>\$ 57,022</b>	<b>\$ 334,349</b>	<b>\$ 2,205,550</b>	<b>\$ 32,959</b>	<b>\$ 4,426</b>	<b>\$ 2,831,548</b>
 <b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ 1,638	\$ -	\$ 11,429	\$ -	\$ -	\$ -	\$ 13,067
Retainage payable	-	-	2,919	18,553	-	-	-	21,872
Accrued payroll and benefits	-	-	-	2,247	-	-	-	2,247
Due to other funds	-	-	736	125,116	-	-	-	125,852
Due to other governments	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	184,340	-	-	-	184,340
<b>Total liabilities</b>	<b>-</b>	<b>1,638</b>	<b>3,655</b>	<b>342,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>347,378</b>
Fund balances:								
Reserved for encumbrances	86,356	16,120	29,735	83,471	27,562	2,450	-	245,694
Unreserved, undesignated	45,987	47,141	23,632	(91,207)	2,177,988	30,509	4,426	2,238,476
<b>Total fund balance</b>	<b>132,343</b>	<b>63,261</b>	<b>53,367</b>	<b>(7,736)</b>	<b>2,205,550</b>	<b>32,959</b>	<b>4,426</b>	<b>2,484,170</b>
<b>Total liabilities and fund balances</b>	<b>\$ 132,343</b>	<b>\$ 64,899</b>	<b>\$ 57,022</b>	<b>\$ 334,349</b>	<b>\$ 2,205,550</b>	<b>\$ 32,959</b>	<b>\$ 4,426</b>	<b>\$ 2,831,548</b>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2003**

	<i>7¢ STATE GASOLINE TAX FUND</i>	<i>4¢ STATE GASOLINE TAX FUND</i>	<i>CAPITAL IMPROVEMENT FUND</i>	<i>COMMUNITY DEVELOPMENT FUND</i>	<i>ROAD MAINTENANCE FUND</i>	<i>ROSEMERE CEMETERY FUND</i>	<i>COOPER LIBRARY EXPENDABLE TRUST FUND</i>	<i>COMBINED TOTALS</i>
Revenues:								
Intergovernmental:								
Shared state gasoline tax	\$ 80,433	\$ 57,097	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,530
Alabama trust fund	-	-	91,830	-	-	-	-	91,830
Federal grants	-	-	-	739,725	-	-	-	739,725
State grants	-	-	-	-	-	-	-	-
Total intergovernmental	<u>80,433</u>	<u>57,097</u>	<u>91,830</u>	<u>739,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>969,085</u>
Miscellaneous:								
Interest	998	420	1,080	2,699	61,664	409	718	67,988
Contributions	-	-	-	-	-	11,969	-	11,969
Total miscellaneous	<u>998</u>	<u>420</u>	<u>1,080</u>	<u>2,699</u>	<u>61,664</u>	<u>12,378</u>	<u>718</u>	<u>79,957</u>
Total revenues	<u>81,431</u>	<u>57,517</u>	<u>92,910</u>	<u>742,424</u>	<u>61,664</u>	<u>12,378</u>	<u>718</u>	<u>1,049,042</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	26,195	-	-	-	26,195
Public works	-	8,403	-	-	-	17,396	-	25,799
Welfare	-	-	-	215,299	-	-	-	215,299
Culture and recreation	-	-	-	122	-	-	-	122
Economic development and urban rehabilitation	-	-	-	151,095	-	-	-	151,095
Total current expenditures	<u>-</u>	<u>8,403</u>	<u>-</u>	<u>392,711</u>	<u>-</u>	<u>17,396</u>	<u>-</u>	<u>418,510</u>
Capital Outlay	10,644	52,080	54,265	379,654	72,999	-	-	569,642
Total expenditures	<u>10,644</u>	<u>60,483</u>	<u>54,265</u>	<u>772,365</u>	<u>72,999</u>	<u>17,396</u>	<u>-</u>	<u>988,152</u>
Excess of revenues over (under) expenditures	<u>70,787</u>	<u>(2,966)</u>	<u>38,645</u>	<u>(29,941)</u>	<u>(11,335)</u>	<u>(5,018)</u>	<u>718</u>	<u>60,890</u>
Other financing sources (uses):								
Transfers from governmental funds	-	-	-	45,349	-	-	-	45,349
Transfers from proprietary funds	-	-	-	23,543	-	-	-	23,543
Transfers to governmental funds	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,892</u>
Excess of revenues and other sources over (under) expenditures and other use	<u>70,787</u>	<u>(2,966)</u>	<u>38,645</u>	<u>38,951</u>	<u>(11,335)</u>	<u>(5,018)</u>	<u>718</u>	<u>129,782</u>
Fund balances, beginning of year	61,556	66,227	14,722	(46,687)	2,216,885	37,977	3,708	2,354,388
Fund balances, end of year	<u>\$ 132,343</u>	<u>\$ 63,261</u>	<u>\$ 53,367</u>	<u>\$ (7,736)</u>	<u>\$ 2,205,550</u>	<u>\$ 32,959</u>	<u>\$ 4,426</u>	<u>\$ 2,484,170</u>

***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.*

## ***NONMAJOR SPECIAL REVENUE FUNDS***

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

*7¢ 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.*

*4¢ 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 and road construction.*

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

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

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

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

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

**CITY OF OPELIKA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**SEPTEMBER 30, 2003**

<i>ASSETS</i>	<i>GENERAL OBLIGATION WARRANTS</i>	<i>GENERAL OBLIGATION REFUNDING WARRANTS</i>	<i>GENERAL OBLIGATION REFUNDING SCHOOL WARRANTS</i>	<i>GENERAL OBLIGATION SCHOOL WARRANTS</i>	<i>COMBINED TOTALS</i>
Cash and cash equivalents	\$ -	\$ -	\$ 2,500	\$ -	\$ 2,500
Certificates of deposit	8,000	-	-	-	8,000
Investments	833,359	-	2,338	460,416	1,296,113
Due from other funds	3,715	-	-	3,299	7,014
<b>Total assets</b>	<b>\$ 845,074</b>	<b>\$ -</b>	<b>\$ 4,838</b>	<b>\$ 463,715</b>	<b>\$ 1,313,627</b>
 <i>LIABILITIES AND FUND BALANCE</i>  					
Liabilities:					
Due to other funds	\$ 19,088	\$ -	\$ -	\$ -	\$ 19,088
Matured bonds and interest payable	487,330	-	-	355,479	842,809
<b>Total liabilities</b>	<b>506,418</b>	<b>-</b>	<b>-</b>	<b>355,479</b>	<b>861,897</b>
Fund balances:					
Reserved for debt service	-	-	-	-	-
Unreserved, undesignated	338,656	-	4,838	108,236	451,730
<b>Total fund balance</b>	<b>338,656</b>	<b>-</b>	<b>4,838</b>	<b>108,236</b>	<b>451,730</b>
<b>Total liabilities and fund balances</b>	<b>\$ 845,074</b>	<b>\$ -</b>	<b>\$ 4,838</b>	<b>\$ 463,715</b>	<b>\$ 1,313,627</b>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2003**

	<b>GENERAL OBLIGATION</b>	<b>GENERAL OBLIGATION REFUNDING WARRANTS</b>	<b>GENERAL OBLIGATION REFUNDING SCHOOL WARRANTS</b>	<b>GENERAL OBLIGATION SCHOOL WARRANTS</b>	<b>COMBINED TOTALS</b>
Revenues:					
Taxes:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous:	-	-	-	-	-
Investment income	9,145	418	33	7,633	17,229
Total revenues	<u>9,145</u>	<u>418</u>	<u>33</u>	<u>7,633</u>	<u>17,229</u>
Expenditures:					
Debt service:					
Principal retirement	1,490,000	-	-	1,155,000	2,645,000
Interest and fiscal charges	944,129	-	1,388	842,183	1,787,700
Bond issue costs	29,609	-	-	125,971	155,580
Total expenditures	<u>2,463,738</u>	<u>-</u>	<u>1,388</u>	<u>2,123,154</u>	<u>4,588,280</u>
Excess of revenues over (under) expenditures	<u>(2,454,593)</u>	<u>418</u>	<u>(1,355)</u>	<u>(2,115,521)</u>	<u>(4,571,051)</u>
Other financing sources (uses):					
Proceeds of general long term debt	-	-	-	-	-
Proceeds of refunding bonds	1,900,653	-	-	8,122,326	10,022,979
Transfers from governmental funds	2,222,284	-	1,387	1,995,099	4,218,770
Transfers from proprietary funds	47,944	-	-	-	47,944
Transfers to governmental funds	(13,551)	(105,765)	-	(9)	(119,325)
Transfers to proprietary funds	(1,614)	-	-	(6,680)	(8,294)
Payment to refunded bond escrow agent	(1,911,647)	-	-	(7,993,034)	(9,904,681)
Total other financing sources (uses)	<u>2,244,069</u>	<u>(105,765)</u>	<u>1,387</u>	<u>2,117,702</u>	<u>4,257,393</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(210,524)</u>	<u>(105,347)</u>	<u>32</u>	<u>2,181</u>	<u>(313,658)</u>
Fund balances, beginning of year	<u>549,180</u>	<u>105,347</u>	<u>4,806</u>	<u>106,055</u>	<u>765,388</u>
Fund balances, end of year	<u>\$ 338,656</u>	<u>\$ -</u>	<u>\$ 4,838</u>	<u>\$ 108,236</u>	<u>\$ 451,730</u>

## ***NONMAJOR CAPITAL PROJECTS FUNDS***

*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.*

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

*Storm Sewer Construction Fund - This fund is used to account for the construction of storm sewer improvements. A \$3,440,000 bond issue and other governmental resources are being used to finance this improvement project.*

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

**CITY OF OPELIKA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**SEPTEMBER 30, 2003**

<i>ASSETS</i>	<i>INDUSTRIAL ACCESS ROAL CONSTRUCTION</i>	<i>STORM SEWER CONSTRUCTION</i>	<i>ROAD CONSTRUCTION</i>	<i>COMBINED TOTALS</i>
Cash	\$ -	\$ -	\$ 130,699	\$ 130,699
Due from other governments	533,282	-	-	533,282
Due from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 533,282	\$ -	\$ 130,699	\$ 663,981
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 311,986	\$ -	\$ -	\$ 311,986
Retainage payable	29,161	-	-	29,161
Accrued payroll and benefits	-	-	-	-
Due to other funds	192,135	-	-	192,135
Due to other governments	-	-	-	-
Deferred revenue	533,282	-	-	533,282
Total liabilities	<hr/> 1,066,564	<hr/> -	<hr/> -	<hr/> 1,066,564
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Reserved for encumbrances			29,243	29,243
Unreserved, undesignated	(533,282)	-	101,456	(431,826)
Total fund balance	<hr/> (533,282)	<hr/> -	<hr/> 130,699	<hr/> (402,583)
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 533,282	\$ -	\$ 130,699	\$ 663,981
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF OPELIKA**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 YEAR ENDED SEPTEMBER 30, 2003

	<i>INDUSTRIAL ACCESS ROAD CONSTRUCTION</i>	<i>STORM SEWER CONSTRUCTION</i>	<i>ROAD CONSTRUCTION</i>	<i>COMBINED TOTALS</i>
Revenues:				
Intergovernmental	129,615	-	-	129,615
Interest	228	-	1,758	1,986
Total revenues	<u>129,843</u>	<u>-</u>	<u>1,758</u>	<u>131,601</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Economic development and urban rehabilitation	-	-	-	-
Total current expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Outlay	959,812	7,900	-	967,712
Total expenditures	<u>959,812</u>	<u>7,900</u>	<u>-</u>	<u>967,712</u>
Excess of revenues over (under) expenditures:	<u>(829,969)</u>	<u>(7,900)</u>	<u>1,758</u>	<u>(836,111)</u>
Other financing sources (uses):				
Transfers from governmental funds	309,140	1,683	-	310,823
Transfers from proprietary funds	-	-	-	-
Transfers to governmental funds	(159,546)	-	-	(159,546)
Total other financing sources (uses)	<u>149,594</u>	<u>1,683</u>	<u>-</u>	<u>151,277</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(680,375)</u>	<u>(6,217)</u>	<u>1,758</u>	<u>(684,834)</u>
Fund balances, beginning of year	<u>147,093</u>	<u>6,217</u>	<u>128,941</u>	<u>282,251</u>
Fund balances, end of year	<u>\$ (533,282)</u>	<u>\$ -</u>	<u>\$ 130,699</u>	<u>\$ (402,583)</u>

## ***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 of costs associated with employee health insurance.*

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2003**

	<u>WORKMEN'S COMPENSATION INSURANCE FUND</u>	<u>WORKER'S HEALTH INSURANCE FUND</u>	<u>TOTALS</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 1,537,207	\$ -	\$ 1,537,207
Accounts receivable	57,770	-	57,770
Accrued interest	2,808	-	2,808
Due from other funds	12,252	331,290	343,542
Total current assets	<u>1,610,037</u>	<u>331,290</u>	<u>1,941,327</u>
Other assets:			
Deposits	<u>19,229</u>	<u>-</u>	<u>19,229</u>
Total assets	<u>\$ 1,629,266</u>	<u>\$ 331,290</u>	<u>\$ 1,960,556</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 18,946	\$ 33,573	\$ 52,519
Due to other funds	331,290	-	331,290
Liability for unpaid claims	152,272	127,000	279,272
Deferred revenue	-	118,453	118,453
Total current liabilities	<u>502,508</u>	<u>279,026</u>	<u>781,534</u>
Long-term liabilities:			
Liability for unpaid claims	<u>321,767</u>	<u>-</u>	<u>321,767</u>
Total liabilities	<u>824,275</u>	<u>279,026</u>	<u>1,103,301</u>
<b>NET ASSETS</b>			
Unrestricted	<u>804,991</u>	<u>52,264</u>	<u>857,255</u>
Total net assets	<u>\$ 804,991</u>	<u>\$ 52,264</u>	<u>\$ 857,255</u>

**CITY OF OPELIKA**  
*COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS*  
*INTERNAL SERVICE FUNDS*  
*YEAR ENDED SEPTEMBER 30, 2003*

	<i>WORKMEN'S COMPENSATION INSURANCE FUND</i>	<i>HEALTH INSURANCE FUND</i>	<i>TOTALS</i>
Operating revenues:			
Charges for insurance	\$ 430,968	\$ 1,257,987	\$ 1,688,955
Operating expenses:			
Insurance claims and expenses	<u>509,617</u>	<u>1,539,253</u>	<u>2,048,870</u>
Operating income (loss)	<u>(78,649)</u>	<u>(281,266)</u>	<u>(359,915)</u>
Nonoperating revenues and (expenses):			
Interest revenue	<u>44,704</u>	<u>119</u>	<u>44,823</u>
Change in net assets	(33,945)	(281,147)	(315,092)
Net assets, beginning of year	<u>838,936</u>	<u>333,411</u>	<u>1,172,347</u>
Net assets, end of year	<u>\$ 804,991</u>	<u>\$ 52,264</u>	<u>\$ 857,255</u>

**CITY OF OPELIKA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2003**

	<i>WORKMEN'S COMPENSATION INSURANCE FUND</i>	<i>HEALTH INSURANCE FUND</i>	<i>TOTALS</i>
Cash flows from operating activities:			
Receipts from other funds for premiums	427,721	1,272,014	1,699,735
Payments to suppliers and others	(107,927)	(212,000)	(319,927)
Claims paid	(282,051)	(1,368,440)	(1,650,491)
Net cash provided (used) by operating activities	<u>37,743</u>	<u>(308,426)</u>	<u>(270,683)</u>
Cash flows from noncapital financing activities:			
Receipt (payment) on interfund balance	<u>(308,307)</u>	<u>308,307</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	<u>41,896</u>	<u>119</u>	<u>42,015</u>
Net cash provided (used) by investing activities	<u>41,896</u>	<u>119</u>	<u>42,015</u>
Net increase (decrease) in cash and cash equivalents	(228,668)	-	(228,668)
Cash and cash equivalents at beginning of year	1,765,875	-	1,765,875
Cash and cash equivalents at end of year	<u>\$ 1,537,207</u>	<u>\$ -</u>	<u>\$ 1,537,207</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (78,649)	\$ (281,266)	\$ (359,915)
Change in assets and liabilities:			
(Increase) decrease in due from other funds	(3,247)		(3,247)
(Increase) decrease in accounts receivable	(57,770)		(57,770)
(Increase) decrease in due from other governments	-		-
(Increase) decrease in deposits	-		-
Increase (decrease) in accounts payable	3,657	(34,187)	(30,530)
Increase (decrease) in due to other funds	-		-
Increase (decrease) in liability for unpaid claims	173,752	(7,000)	166,752
Increase (decrease) in deferred revenue	-	14,027	14,027
Net cash provided (used) by operating activities	<u>\$ 37,743</u>	<u>\$ (308,426)</u>	<u>\$ (270,683)</u>

***SUPPLEMENTAL SCHEDULES***

**CITY OF OPELIKA**  
*GOVERNMENTAL FUNDS*  
*SCHEDULE OF DEBT*  
 YEAR ENDED SEPTEMBER 30, 2003

	<b>2003</b>
Amount available and to be provided for the payment of long-term debt:	
General obligation debt:	
Amount available in debt service funds	\$ 304,989
Amount to be provided (for principal)	46,578,076
Other long term debt:	
Amount available in debt service funds	-
Amount to be provided (for principal)	7,493,303
Total available and to be provided	\$ 54,376,368
Long-term debt outstanding:	
General obligation debt:	
Serial bonds and warrants:	
Warrants issued 1994, due serially to July 1, 2014	\$ 2,090,000
Warrants issued 1996, due serially to February 15, 2016	2,725,000
Warrants issued 1998, due in installments to July 1, 2014	8,465,000
Warrant issued 1999, due in installments to April 15, 2006	96,750
Warrants issued 2000, due in installments to October 1, 2025	6,890,000
Warrants issued 2002, due in installments to February 1, 2032	4,265,000
Warrants issued 2003, due in installments to April 1, 2023	17,880,000
Total general obligation serial bonds and warrants	42,411,750
Other:	
Vacation, sick leave workmen's compensation claims and other	2,771,315
Reserve Agreement dated as of June 1, 1998 with the Opelika Industrial Development Authority	1,700,000
Total general obligation other	4,471,315
Total general obligation debt	46,883,065
Other long-term debt:	
Capital lease - public safety equipment	93,596
Capital lease - public safety equipment	272,707
Anticipated payments for principal due in accordance with the Annual Appropriation Agreement dated June 1, 1998 between the City of Opelika and the Opelika Industrial Development Authority	7,127,000
Total other long-term debt	7,493,303
Total long-term debt	\$ 54,376,368

**CITY OF OPELIKA**  
**GOVERNMENTAL FUNDS**  
**SCHEDULE OF DEBT SERVICE**  
**SEPTEMBER 30, 2003**

	<i>General Obligation Bonds and Warrants</i>		<i>Other Long-Term Debt</i>		<i>Total General Long-Term Debt</i>		<i>Total</i>
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	
2004	\$ 2,837,707	\$ 1,964,462	\$ 426,954	\$ 161,375	4 3,264,661	\$ 2,125,837	\$ 5,390,498
2005	2,399,459	1,860,460	354,641	146,938	2,754,100	2,007,398	4,761,498
2006	3,379,584	1,716,371	304,708	137,472	3,684,292	1,853,843	5,538,135
2007	3,245,000	1,549,884	275,000	132,588	3,520,000	1,682,472	5,202,472
2008	3,395,000	1,394,319	290,000	128,173	3,685,000	1,522,492	5,207,492
2009	3,550,000	1,231,001	315,000	123,577	3,865,000	1,354,578	5,219,578
2010	3,730,000	1,059,607	335,000	118,509	4,065,000	1,178,116	5,243,116
2011	3,335,000	924,392	360,000	113,115	3,695,000	1,037,507	4,732,507
2012	2,750,000	774,472	385,000	107,334	3,135,000	881,806	4,016,806
2013	3,025,000	647,730	415,000	101,168	3,440,000	748,898	4,188,898
2014	1,840,000	544,828	445,000	94,470	2,285,000	639,298	2,924,298
2015	705,000	459,535	480,000	87,239	1,185,000	546,774	1,731,774
2016	750,000	422,942	515,000	79,414	1,265,000	502,356	1,767,356
2017	490,000	391,533	550,000	70,998	1,040,000	462,531	1,502,531
2018	515,000	366,090	590,000	61,988	1,105,000	428,078	1,533,078
2019	540,000	338,915	635,000	52,329	1,175,000	391,244	1,566,244
2020	570,000	310,131	680,000	41,868	1,250,000	351,999	1,501,999
2021	605,000	279,475	730,000	30,695	1,335,000	310,170	1,545,170
2022	635,000	246,900	785,000	18,664	1,420,000	265,564	1,585,564
2023	670,000	236,545	322,000	5,627	992,000	242,172	1,234,172
2024	705,000	175,460	-	-	705,000	175,460	880,460
2025	745,000	136,825	-	-	745,000	136,825	881,825
2026	240,000	96,000	-	-	240,000	96,000	336,000
2027	255,000	83,378	-	-	255,000	83,378	338,378
2028	270,000	69,956	-	-	270,000	69,956	339,956
2029	285,000	55,734	-	-	285,000	55,734	340,734
2029	300,000	40,744	-	-	300,000	40,744	340,744
2031	315,000	24,984	-	-	315,000	24,984	339,984
2032	330,000	8,456	-	-	330,000	8,456	338,456
Vacation, sick, and other:	-	-	2,771,315	-	2,771,315	-	2,771,315
	<u>\$ 42,411,750</u>	<u>\$ 17,411,130</u>	<u>\$ 11,964,618</u>	<u>\$ 1,813,541</u>	<u>\$ 54,376,368</u>	<u>\$ 19,224,671</u>	<u>\$ 73,501,039</u>

**CITY OF OPELIKA**  
*SCHEDULE OF GENERAL OBLIGATION DEBT*  
 SEPTEMBER 30, 2003

**GENERAL OBLIGATION WARRANTS, SERIES 1994-A**

<i>TOTAL PRINCIPAL OUTSTANDING</i>	<i>YEAR</i>	<i>INTEREST RATE</i>	<i>ANNUAL PRINCIPAL PAYMENTS</i>	<i>ANNUAL INTEREST PAYMENTS</i>	<i>TOTAL PRINCIPAL &amp; INTEREST</i>
\$ 2,090,000	2004	5.40%	\$ 650,000	\$ 115,025	\$ 775,025
1,430,000	2005	5.50%	695,000	79,385	774,385
735,000	2006	5.60%	735,000	41,160	776,160
			\$ 2,090,000	\$ 235,570	\$ 2,325,570

Note: Warrants mature on July 1, year as indicated. Interest is paid semi-annually on July 1 and January 1.  
 For road construction.

Unaudited

**CITY OF OPELIKA**  
*SCHEDULE OF GENERAL OBLIGATION DEBT*  
 SEPTEMBER 30, 2003

***GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 1996***

<b><i>TOTAL PRINCIPAL OUTSTANDING</i></b>	<b><i>YEAR</i></b>	<b><i>INTEREST RATE</i></b>	<b><i>ANNUAL PRINCIPAL PAYMENTS</i></b>	<b><i>ANNUAL INTEREST PAYMENTS</i></b>	<b><i>TOTAL PRINCIPAL &amp; INTEREST</i></b>
\$ 2,725,000	2004	4.30%	\$ 155,000	\$ 130,448	\$ 285,448
2,570,000	2005	4.40%	150,000	123,595	283,595
2,410,000	2006	4.50%	170,000	116,250	286,250
2,240,000	2007	4.60%	180,000	108,285	288,285
2,060,000	2008	4.70%	185,000	99,798	284,798
1,875,000	2009	4.80%	195,000	90,770	285,770
1,680,000	2010	4.90%	205,000	81,068	286,068
1,475,000	2011	5.00%	215,000	70,670	285,670
1,260,000	2012	5.10%	225,000	59,557	284,557
1,035,000	2013	5.20%	240,000	47,580	287,580
795,000	2014	5.20%	250,000	34,840	284,840
545,000	2015	5.20%	255,000	21,450	286,450
280,000	2016	5.20%	230,000	7,280	287,280
			\$ 2,725,000	\$ 991,591	\$ 3,716,591

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

Unaudited

**CITY OF OPELIKA**  
*SCHEDULE OF LONG TERM DEBT*  
 SEPTEMBER 30, 2003

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

<u>TOTAL PRINCIPAL OUTSTANDING</u>	<u>YEAR</u>	<u>INTEREST RATE *</u>	<u>ANNUAL PRINCIPAL PAYMENTS **</u>	<u>ANNUAL INTEREST PAYMENTS</u>	<u>TOTAL PRINCIPAL &amp; INTEREST</u>
\$ 6,605,000	2004	1.19%	\$ 175,000	\$ 78,600	\$ 253,600
6,430,000	2005	1.19%	185,000	76,517	261,517
6,245,000	2006	1.19%	190,000	74,316	264,316
6,055,000	2007	1.19%	210,000	72,054	282,054
5,845,000	2008	1.19%	225,000	69,556	294,556
5,620,000	2009	1.19%	240,000	66,878	306,878
5,380,000	2010	1.19%	255,000	64,022	319,022
5,125,000	2011	1.19%	275,000	60,988	335,988
4,850,000	2012	1.19%	295,000	57,715	352,715
4,555,000	2013	1.19%	315,000	54,204	369,204
4,240,000	2014	1.19%	335,000	50,456	385,456
3,905,000	2015	1.19%	360,000	46,470	406,470
3,545,000	2016	1.19%	385,000	42,185	427,185
3,160,000	2017	1.19%	410,000	37,604	447,604
2,750,000	2018	1.19%	440,000	32,724	472,724
2,310,000	2019	1.19%	470,000	27,490	497,490
1,840,000	2020	1.19%	505,000	21,896	526,896
1,335,000	2021	1.19%	540,000	15,886	555,886
795,000	2022	1.19%	575,000	9,460	584,460
220,000	2023	1.19%	220,000	2,618	222,618
			\$ 6,605,000	\$ 961,639	\$ 7,566,639

\* A constant rate of 1.19% is assumed for disclosure purposes which is the variable rate in effect at 9-30-03. The Industrial Development Authority adopted the variable rate option at June 1, 2003. The variable rate is adjusted weekly by the Remarketing Agent. The variable rate is determined by the Remarketing Agent as the lowest rate which will, in the opinion of the Remarketing Agent, result in the market value of the bonds being 100% of the principal amount thereof on the determination date.

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

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

Unaudited

**CITY OF OPELIKA**  
**SCHEDULE OF LONG TERM DEBT**  
**SEPTEMBER 30, 2003**

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

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE %</b>	<b>ANNUAL PRINCIPAL PAYMENTS **</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$ 2,222,000	2004	2.95%	\$ 50,000	\$ 65,549	\$ 115,549
2,172,000	2005	2.95%	55,000	64,074	119,074
2,117,000	2006	2.95%	65,000	62,452	127,452
2,052,000	2007	2.95%	65,000	60,534	125,534
1,987,000	2008	2.95%	65,000	58,617	123,617
1,922,000	2009	2.95%	75,000	56,699	131,699
1,847,000	2010	2.95%	80,000	54,487	134,487
1,767,000	2011	2.95%	85,000	52,127	137,127
1,682,000	2012	2.95%	90,000	49,619	139,619
1,592,000	2013	2.95%	100,000	46,964	146,964
1,492,000	2014	2.95%	110,000	44,014	154,014
1,382,000	2015	2.95%	120,000	40,769	160,769
1,262,000	2016	2.95%	130,000	37,229	167,229
1,132,000	2017	2.95%	140,000	33,394	173,394
992,000	2018	2.95%	150,000	29,264	179,264
842,000	2019	2.95%	165,000	24,839	189,839
677,000	2020	2.95%	175,000	19,972	194,972
502,000	2021	2.95%	190,000	14,809	204,809
312,000	2022	2.95%	210,000	9,204	219,204
102,000	2023	2.95%	102,000	3,009	105,009
			\$ 2,222,000	\$ 827,625	\$ 3,049,625

\* Rate will be determined annually, June 1, at the Treasury Rate plus one and eight-tenths percent per annum. At 6-1-02 the rate was 2.95%.

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

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

Unaudited

**CITY OF OPELIKA**  
*SCHEDULE OF LONG TERM DEBT*  
 SEPTEMBER 30, 2003

***CAPITAL LEASE FOR FIRE TRUCK***

<b><i>TOTAL PRINCIPAL OUTSTANDING</i></b>	<b><i>YEAR</i></b>	<b><i>INTEREST RATE</i></b>	<b><i>ANNUAL PRINCIPAL PAYMENTS</i></b>	<b><i>ANNUAL INTEREST PAYMENTS</i></b>	<b><i>TOTAL PRINCIPAL &amp; INTEREST</i></b>
\$ 93,596	2004	4.90%	\$ 93,596	\$ 4,596	\$ 98,192

Note: Payment is due on June 25, year as indicated.

Unaudited

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2003**

**GENERAL OBLIGATION WARRANTS, SERIES 1998**

<u>TOTAL PRINCIPAL OUTSTANDING</u>	<u>YEAR</u>	<u>INTEREST RATE</u>	<u>ANNUAL PRINCIPAL PAYMENTS</u>	<u>ANNUAL INTEREST PAYMENTS</u>	<u>TOTAL PRINCIPAL &amp; INTEREST</u>
\$ 8,465,000	2004	3.75%	\$ 100,000	\$ 355,563	\$ 455,563
8,365,000	2005	3.80%	100,000	351,812	451,812
8,265,000	2006	3.90%	100,000	348,013	448,013
8,165,000	2007	4.10%	880,000	344,112	1,224,112
8,165,000	2008	4.10%	920,000	308,033	1,228,033
7,245,000	2009	4.10%	955,000	270,313	1,225,313
6,290,000	2010	4.20%	1,000,000	231,158	1,231,158
5,290,000	2011	4.25%	1,035,000	189,157	1,224,157
4,255,000	2012	4.25%	1,080,000	145,170	1,225,170
3,175,000	2013	4.30%	1,125,000	99,270	1,224,270
2,050,000	2014	4.35%	1,170,000	50,895	1,220,895
			\$ 8,465,000	\$ 2,693,496	\$ 11,158,496

Note: Warrants mature on July 1, year as indicated. Interest is paid semi-annually on January 1 and July 1.  
 Refund .994A Road Construction Warrants.

Unaudited

**CITY OF OPELIKA**  
*SCHEDULE OF GENERAL OBLIGATION DEBT*  
 SEPTEMBER 30, 2003

***GENERAL OBLIGATION WARRANT, FIRST AMERICAN BANK - POLICE CONSOLE***

<b><i>TOTAL PRINCIPAL OUTSTANDING</i></b>	<b><i>YEAR</i></b>	<b><i>INTEREST RATE</i></b>	<b><i>ANNUAL PRINCIPAL PAYMENTS</i></b>	<b><i>ANNUAL INTEREST PAYMENTS</i></b>	<b><i>TOTAL PRINCIPAL &amp; INTEREST</i></b>
\$ 96,750	2004	5.22%	\$ 32,707	\$ 4,432	\$ 37,139
64,043	2005	5.22%	34,459	2,679	37,138
29,584	2006	5.22%	29,584	811	30,395
			\$ 96,750	\$ 7,922	\$ 104,672

Note Payments of \$9,285 are due quarterly.

Unaudited

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2003**

**GENERAL OBLIGATION SCHOOL WARRANTS, SERIES 2000**

<u>TOTAL PRINCIPAL OUTSTANDING</u>	<u>YEAR</u>	<u>INTEREST RATE</u>	<u>ANNUAL PRINCIPAL PAYMENTS</u>	<u>ANNUAL INTEREST PAYMENTS</u>	<u>TOTAL PRINCIPAL &amp; INTEREST</u>
\$ 6,890,000	2004	4.60%	\$ 180,000	\$ 363,222	\$ 543,222
6,710,000	2005	4.65%	185,000	354,942	539,942
6,525,000	2006	4.70%	200,000	346,340	546,340
6,325,000	2007	4.75%	200,000	336,940	536,940
6,125,000	2008	4.80%	215,000	327,440	542,440
5,910,000	2009	4.85%	225,000	317,120	542,120
5,685,000	2010	5.00%	235,000	306,208	541,208
5,450,000	2011	4.90%	250,000	294,458	544,458
5,200,000	2012	5.00%	260,000	282,208	542,208
4,940,000	2013	5.10%	275,000	269,208	544,208
4,665,000	2014	5.20%	285,000	255,182	540,182
4,380,000	2015	5.25%	300,000	240,362	540,362
4,080,000	2016	5.30%	320,000	224,612	544,612
3,760,000	2017	5.35%	335,000	207,652	542,652
3,425,000	2018	5.40%	355,000	189,730	544,730
3,070,000	2019	5.45%	370,000	170,560	540,560
2,700,000	2020	5.50%	390,000	150,396	540,396
2,310,000	2021	5.50%	415,000	128,945	543,945
1,895,000	2022	5.60%	435,000	106,120	541,120
1,460,000	2023	5.60%	460,000	81,760	541,760
1,000,000	2024	5.60%	485,000	56,000	541,000
515,000	2025	5.60%	515,000	28,840	543,840
			<u>\$ 6,890,000</u>	<u>\$ 5,038,245</u>	<u>\$ 11,928,245</u>

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

Unaudited

**CITY OF OPELIKA**  
**SCHEDULE OF LONG TERM DEBT**  
**SEPTEMBER 30, 2003**

**CAPITAL LEASE FOR COMMUNICATIONS EQUIPMENT**

<b><u>TOTAL PRINCIPAL OUTSTANDING</u></b>	<b><u>YEAR</u></b>	<b><u>INTEREST RATE</u></b>	<b><u>ANNUAL PRINCIPAL PAYMENTS</u></b>	<b><u>ANNUAL INTEREST PAYMENTS</u></b>	<b><u>TOTAL PRINCIPAL &amp; INTEREST</u></b>
\$ 272,707	2004	5.65%	\$ 108,358	\$ 12,630	\$ 120,988
164,349	2005	5.65%	114,641	6,347	120,988
49,708	2006	5.65%	49,708	704	50,412
			<u>\$ 272,707</u>	<u>\$ 19,681</u>	<u>\$ 292,388</u>

Note Payment of \$10,082 is due monthly, years as indicated.

Unaudited

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2003**

**GENERAL OBLIGATION WARRANTS , SERIES 2002**

	<b><u>TOTAL PRINCIPAL OUTSTANDING</u></b>	<b><u>YEAR</u></b>	<b><u>INTEREST RATE</u></b>	<b><u>ANNUAL PRINCIPAL PAYMENTS</u></b>	<b><u>ANNUAL INTEREST PAYMENTS</u></b>	<b><u>TOTAL PRINCIPAL &amp; INTEREST</u></b>
\$	4,265,000	2004	-	\$ -	\$ 212,505	\$ 212,505
	4,265,000	2005	-	-	212,505	212,505
	4,265,000	2006	-	-	212,505	212,505
	4,265,000	2007	-	-	212,505	212,505
	4,265,000	2008	-	-	212,505	212,505
	4,265,000	2009	-	-	212,505	212,505
	4,265,000	2010	-	-	212,505	212,505
	4,265,000	2011	-	-	212,505	212,505
	4,265,000	2012	-	-	212,505	212,505
	4,265,000	2013	4.300%	130,000	209,710	339,710
	4,135,000	2014	4.450%	135,000	203,911	338,911
	4,000,000	2015	4.550%	140,000	197,723	337,723
	3,860,000	2016	4.650%	150,000	191,050	341,050
	3,710,000	2017	4.750%	155,000	183,881	338,881
	3,555,000	2018	4.800%	160,000	176,360	336,360
	3,395,000	2019	4.900%	170,000	168,355	338,355
	3,225,000	2020	4.950%	180,000	159,735	339,735
	3,045,000	2021	5.000%	190,000	150,530	340,530
	2,855,000	2022	5.000%	200,000	140,780	340,780
	2,655,000	2023	5.100%	210,000	130,425	340,425
	2,445,000	2024	5.100%	220,000	119,460	339,460
	2,225,000	2025	5.100%	230,000	107,985	337,985
	1,995,000	2026	5.100%	240,000	96,000	336,000
	1,755,000	2027	5.100%	255,000	83,378	338,378
	1,500,000	2028	5.125%	270,000	69,956	339,956
	1,230,000	2029	5.125%	285,000	55,734	340,734
	945,000	2030	5.125%	300,000	40,744	340,744
	645,000	2031	5.125%	315,000	24,984	339,984
	330,000	2032	5.125%	330,000	8,456	338,456
				<u>\$ 4,265,000</u>	<u>\$ 4,431,703</u>	<u>\$ 8,696,703</u>

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

Unaudited

**CITY OF OPELIKA**  
**SCHEDULE OF GENERAL OBLIGATION DEBT**  
**SEPTEMBER 30, 2003**

**GENERAL OBLIGATION WARRANTS , SERIES 2003A**

<b>TOTAL PRINCIPAL OUTSTANDING</b>	<b>YEAR</b>	<b>INTEREST RATE</b>	<b>ANNUAL PRINCIPAL PAYMENTS</b>	<b>ANNUAL INTEREST PAYMENTS</b>	<b>TOTAL PRINCIPAL &amp; INTEREST</b>
\$ 17,880,000	2004	2.00%	\$ 1,710,000	\$ 783,267	\$ 2,493,267
16,170,000	2005	5.00%	1,225,000	735,542	1,960,542
14,945,000	2006	5.00%	2,145,000	651,292	2,796,292
12,800,000	2007	5.00%	1,985,000	548,042	2,533,042
10,815,000	2008	5.00%	2,075,000	446,543	2,521,543
8,740,000	2009	5.00%	2,175,000	340,293	2,515,293
6,565,000	2010	5.00%	2,290,000	228,668	2,518,668
4,275,000	2011	3.30-4.00%	1,835,000	138,778	1,973,778
2,440,000	2012	5.25%	1,185,000	75,032	1,260,032
1,255,000	2013	3.50%	1,255,000	21,962	1,276,962
			\$ 17,880,000	\$ 3,969,419	\$ 21,849,419

Note: Warrants mature on April 1, 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.

Unaudited

**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>
1994	\$ 3,761,450	\$ 6,433,357	\$ 2,280,084	\$ 241,375	\$ 71,085	\$ 1,371,107	\$ 6,704,200	\$ 115,136	\$ 3,434,706	\$ 24,412,500
1995	2,472,984	6,620,357	2,897,893	244,765	61,500	1,418,927	1,704,600	12,908	4,065,923	19,499,857
1996	2,205,343	6,950,248	2,201,352	239,707	64,000	1,526,811	5,202,425	220,015	5,353,005	23,962,906
1997	4,466,879	7,186,031	2,322,236	228,786	61,500	1,687,314	1,700,000	155,587	4,638,749	22,447,082
1998	2,526,029	7,776,230	2,471,358	237,887	66,500	1,908,453	1,700,000	316,115	4,323,309	21,325,881
1999	2,440,078	8,065,045	2,610,691	253,337	66,500	2,002,084	1,700,000	438,065	4,667,078	22,242,878
2000	2,790,444	8,436,290	3,256,986	272,612	71,500	2,244,672	1,700,000	326,026	4,032,706	23,131,236
2001	2,877,954	9,126,114	3,064,511	267,515	81,500	2,272,254	9,737,250	336,942	4,766,599	32,530,619
2002	2,962,915	8,663,351	3,961,699	243,370	67,500	6,219,488	2,713,896	401,557	6,866,487	32,100,263
2003	3,324,811	9,194,903	2,927,147	248,759	277,799	2,457,171	2,825,794	403,121	5,810,133	27,469,638

Note:

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

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

<i>FISCAL YEAR</i>	<i>TAXES</i>	<i>LICENSES AND PERMITS</i>	<i>INTERGOVERN- MENTAL</i>	<i>CHARGES FOR SERVICES</i>	<i>FINES AND FORFEITS</i>	<i>MISCELLANEOUS</i>	<i>TOTAL</i>
1994	\$ 10,310,884	\$ 6,948,787	\$ 464,437	\$ 236,039	\$ 288,552	\$ 776,918	\$ 19,025,417
1995	10,494,504	7,091,111	554,493	202,943	304,419	1,534,098	20,181,568
1996	11,345,346	7,338,106	995,694	304,492	284,433	1,424,855	21,692,926
1997	11,818,881	7,804,558	770,933	311,337	251,008	1,313,052	22,269,769
1998	12,124,741	7,624,376	1,054,549	381,605	208,507	1,306,331	22,700,109
1999	12,328,704	7,975,739	972,475	239,413	183,212	3,228,573	24,928,116
2000	12,519,647	8,160,362	2,194,576	321,664	199,968	1,132,069	24,528,286
2001	13,371,139	8,399,219	994,460	355,490	283,654	1,063,060	24,467,022
2002	14,095,055	8,625,544	2,333,976	506,474	305,926	701,568	26,568,543
2003	14,970,194	8,772,293	1,523,655	481,568	360,832	489,509	26,598,051

Note:

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

<i>FISCAL YEAR</i>	<i>PRINCIPAL</i>	<i>INTEREST</i>	<i>TOTAL DEBT SERVICE</i>	<i>TOTAL GENERAL EXPENDITURES</i>	<i>RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES</i>
1994	\$ 1,811,290	\$ 1,623,416	\$ 3,434,706	\$ 19,499,857	17.6
1995	2,065,257	2,000,666	4,065,923	19,499,857	20.9
1996	2,912,879	2,440,126	5,353,005	23,962,906	22.3
1997	2,641,632	1,997,117	4,638,749	22,447,082	20.7
1998	2,425,963	1,897,346	4,323,309	21,325,881	20.3
1999	2,422,618	2,244,460	4,667,078	22,242,878	21.0
2000	1,814,460	2,218,246	4,032,706	23,131,236	17.4
2001	2,113,064	2,653,535	4,766,599	32,530,519	14.7
2002	4,367,795	2,498,691	6,866,487	32,100,263	21.4
2003	3,117,012 (2)	2,693,121	5,810,133	27,469,538	21.2

Notes:

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

(2) Does not include effect of current refunding principal payments of \$9,654,000 on 1993A and 1993B bonds.

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

<i>FISCAL YEAR</i>	<i>TOTAL TAX LEVY</i>	
1994	17,501,496	(1)
1995	18,004,108	(1)
1996	19,789,819	(1)
1997	20,157,852	(1)
1998	21,776,489	(1)
1999	23,405,495	(1)
2000	28,166,617	(1)
2001	32,081,744	(1)
2002	33,783,586	(1)
2003	37,275,288	(1)

Unaudited

(1) Source: Lee County Tax Assessor

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

FISCAL YEAR	REAL PROPERTY		PERSONAL PROPERTY (2)		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	
1994	73,497,220 (1)	51,229,150 (1)	33,899,060 (1)	159,947,467 (1)	107,396,280 (1)	711,176,617 (1)	14.9
1995	86,362,640 (1)	67,881,770 (1)	37,756,420 (1)	178,448,433 (1)	124,119,060 (1)	826,330,203 (1)	15.1
1996	88,742,960 (1)	66,738,635 (1)	45,281,510 (1)	211,643,383 (1)	134,028,470 (1)	881,382,018 (1)	15.0
1997	89,221,620 (1)	66,932,482 (1)	54,901,760 (1)	264,166,500 (1)	144,125,380 (1)	933,495,982 (1)	15.4
1998	102,725,740	66,530,733	46,031,420	230,157,100	148,757,160	892,587,833	16.7
1999	108,115,540	67,722,125	39,986,100	199,930,500	148,101,540	875,552,625	16.9
2000	127,404,180	82,838,200	44,836,820	224,184,100	172,241,000	1,057,022,300	16.3
2001	139,945,800	86,783,400	45,378,300	251,568,700	185,324,100	1,120,352,100	16.5
2002	149,100,280	93,727,100	46,759,380	231,796,900	195,859,560	1,187,524,000	16.5
2003	151,285,640	96,124,566	47,091,260	231,456,300	198,376,900	1,200,580,866	16.5

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

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

Unaudited

Source - Lee County Tax Assessor

(1) Tax Assessor unable to provide. Amounts shown are estimates based on information provided by Tax Assessor.

(2) excludes value of motor vehicles.

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

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

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

State of Alabama

General Fund (no limit as to time)	\$	0.25	
Soldier Fund (no limit as to time)		0.10	
School Fund (no limit as to time)		0.30	
Total State of Alabama			0.65

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

City of Opelika

Municipal Tax:

General municipal purposes (no limit as to time)		0.50	
Debt Service (no limit as to time)		0.50	
Public school uses (exclusively for support and furtherance of education) (voted to Sep. 30, 2024)		1.10	
Public school uses (exclusively for support and furtherance of education) (voted to Sep. 30, 2018)		0.50	
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 Tax Assessor

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*

<i>FISCAL YEAR ENDED</i>	<i>POPULATION</i>		<i>ASSESSED VALUE</i>	<i>GROSS BONDED DEBT</i>	<i>GENERAL DEBT SERVICE FUNDS</i>	<i>NET BONDED DEBT</i>	<i>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</i>	<i>NET BONDED DEBT PER CAPITA</i>
	<i>CENSUS</i>	<i>NUMBER</i>						
1994	1990	22,122	124,119,060 (1)	40,467,687	2,484,855	37,982,832	30.60	1,717
1995	1990	22,122	134,028,470 (1)	38,383,727	2,588,751	35,794,976	26.71	1,618
1996	1990	22,122	144,125,380 (1)	39,046,836	1,890,591	37,156,245	25.78	1,680
1997	1990	22,122	148,757,160 (1)	38,701,268	1,829,810	35,871,458	24.79	1,667
1998	1990	22,122	148,757,160	36,631,856 (2)	1,963,696	34,668,160	23.31	1,567
1999	1990	22,122	148,101,640	36,533,067 (2)	1,897,703	34,635,364	23.39	1,566
2000	2000	23,498	172,241,000	35,004,550 (2)	1,916,847	33,087,703	19.21	1,408
2001	2000	23,498	185,324,100	40,460,485 (2)	1,949,093	38,511,392	20.78	1,639
2002	2000	23,498	195,859,660	40,720,908 (2)	396,030	40,324,878	20.59	1,716
2003	2000	23,498	198,376,900	46,883,065 (2)	304,989	45,578,076	23.48	1,982

Unaudited

(1) Tax Assessor unable to provide. Amounts shown are estimates based on information provided by Tax Assessor.

(2) 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, 2003**

Assessed value of real and personal taxable property as of 9-30-03 (including motor vehicles and excluding exempt property) (2)		\$ <u>212,329,180</u>
Debt limit, twenty percent of assessed value (constitutional limitation) (1)		\$ 42,565,836
Outstanding General Obligation Debt:		
Debt in governmental activities	42,411,750	
Debt in business-type activities	11,935,000	
Obligation per Reserve Agreement with Industrial Development Authority	1,700,000	
Other long-term liabilities	<u>2,771,315</u>	
Total general obligation debt for computation		58,818,065
Less: Bonds exempted from legal debt limit (1):		
Bonds issued for schools:		
1996 General Obligation School Warrants, Series 1996	2,725,000	
2000 General Obligation School Warrants, Series 2000	6,890,000	
2003 General Obligation Warrants, Series 2003A (portion refunding 1993A warrants)	<u>7,490,000</u>	
Total	<u>17,105,000</u>	
Bonds issued for sewers:		
1989 General Obligation Sewer Warrants, SRF-1,2 and 3	3,765,000	
2003 General Obligation Warrants, Series 2003A (portion issued for treatment plant construction)	6,145,000	
2003 General Obligation Warrants, Series 2003A (portion issued for Tiger Town construction)	2,507,934	
2003 General Obligation Warrants, Series 2003A (portion refunding 1993B warrants)	<u>2,025,000</u>	
Total	<u>14,442,934</u>	
Bonds issued for storm sewers:		
2003 General Obligation Warrants, Series 2003A (portion refunding 1993B warrants)	<u>1,810,000</u>	
Total exempt bonds		<u>33,357,934</u>
NET BONDED INDEBTEDNESS		<u>25,460,131</u>
LEGAL DEBT MARGIN		<u>\$ 17,105,705</u>

Unaudited

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

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

(2) Per Lee County Tax Assessor

**CITY OF OPELIKA**  
*COMPUTATION OF OVERLAPPING DEBT*  
 SEPTEMBER 30, 2003

	<i>GROSS DEBT LESS DEBT SERVICE ASSETS</i>	<i>PERCENTAGE OF DEBT APPLICABLE CITY OF OPELIKA</i>	<i>CITY OF OPELIKA DEBT BURDEN</i>
City of Opelika			
Gross bonded debt (1)	\$ 46,883,065		
Other long-term debt	7,493,303		
Total long-term debt	54,376,368		
Less: amounts available for debt service	304,989		
Direct net debt	\$ 54,071,379	100.0%	\$ 54,071,379
Overlapping Debt:			
Lee County, Alabama (fiscal year ending September 30, 2003)			
Net overlapping debt	\$ 4,686,307	23.5%	1,101,282
Total direct and overlapping debt			\$ 55,172,661

## Notes:

Unaudited

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

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

<i>FISCAL YEAR</i>	<i>POPULATION</i>	<i>PER CAPITA INCOME</i>	<i>MEDIAN AGE</i>	<i>PERCENT OF HIGH SCHOOL GRADUATES AMONG PERSONS OVER 25</i>	<i>SCHOOL ENROLLMENT</i>	<i>UNEMPLOYMENT RATE</i>
1994	22,122	6,145	28.3	58.0	7,320	4.20%
1995	22,122	6,145	28.3	58.0	7,275	4.80%
1996	22,122	6,145	28.3	58.0	7,200	3.20%
1997	22,122	6,145	28.3	58.0	7,281	3.80%
1998	22,122	6,145	28.3	58.0	7,237	3.40%
1999	22,122	16,887	34.1	73.2	7,764	3.50%
2000	23,498	17,571	34.1	73.2	7,770	3.40%
2001	23,498	17,848	34.1	69.9	8,009	3.50%
2002	23,774	18,639	34.4	72.5	8,070	3.70%
2003	24,232	19,091	34.0	76.2	8,226	3.90%

Unaudited  
Source: City of Opelika

**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>
1994	25	\$ 6,801,171	118	\$ 8,706,179
1995	24	5,412,297	77	6,388,430
1996	24	11,970,085	307	18,766,608
1997	23	7,668,051	126	10,366,339
1998	27	4,410,480	133	11,793,339
1999	29	57,988,372	91	10,177,283
2000	27	10,783,158	75	9,258,241
2001	21	21,481,875	75	9,009,212
2002	47	39,581,130	72	8,694,715
2003	28	22,130,394	109	14,307,453

## Notes:

Unaudited

(1) Amounts shown are new construction only.

**CITY OF OPELIKA**  
**PRINCIPAL TAXPAYERS**  
**SEPTEMBER 30, 2003**

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>ASSESSED VALUATION</u>	<u>TAX COLLECTED</u>	<u>PERCENT OF TOTAL ASSESSED VALUATION</u>
Uniroyal/Michelin Tire	Tire manufacturer	\$ 18,668,800	\$ 869,817	9.41%
Wal-Mart Distribution Center	Wholesale product distributor	9,047,500	295,594	4.56%
BellSouth Telecommunications, Inc.	Communication services	3,899,560	210,576	1.97%
JDN Realty AL, Inc.	Real estate	3,786,780	199,086	1.91%
Quantegy	Magnetic tape manufacturer	3,007,100	162,383	1.52%
International Paper Co.	Timber products	1,982,220	107,040	1.00%
WCB Alabama Inc.	Grill manufacturer	2,701,640	83,751	1.36%
Alabama Gas Corporation	Utility	1,404,760	75,857	0.71%
Alabama Power Company	Utility	1,017,680	54,955	0.51%
Flowers Baking Company of Opelika, Inc.	Real estate	2,133,000	52,783	1.08%
Total assessed value and tax collected for ten largest taxpayers		47,649,040	2,111,842	24.02%
Total assessed value of other taxpayers		150,727,860		75.98%
Total assessed value of all taxpayers		<u>\$ 198,376,900</u>		<u>100.00%</u>

## Notes:

Unaudited

Source: Lee County Tax Assessor

Amounts shown are assessed at 10-1-02 and collected during fiscal year ended 9-30-03.

**CITY OF OPELIKA**  
*MISCELLANEOUS STATISTICS (1)*  
 SEPTEMBER 30, 2003

Date of Incorporation	1854
Form of Government	Mayor-Council
Area	52 square miles
Miles of Streets:	
Paved	209
Unpaved	4
Fire Protection:	
Number of stations	4
Number of firefighters, paramedics and other personnel	68
Police Protection:	
Number of stations	1
Number of police officers and other personnel	105
Education:	
Attendance centers:	
Elementary schools	6
Secondary schools	1
State colleges	1
Number of students	8,226
Auburn University, in adjoining Auburn, Alabama	23,152 enrollment
Sewers:	
Sanitary sewers	240 miles
Building permits:	
Number of permits	1,456
Estimated value of new construction and improvements	\$52,853,838
Recreation and culture:	
Number of parks and playgrounds	12 with 412 acres
Number of community centers	2
Number of golf courses (public and private)	3
Number of tennis courts	12
Number of libraries	1
Number of volumes	58,000 (approximate)
City employees	405

(1) Unaudited