

THE CITY OF HOOVER, ALABAMA

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2010

Office of the Finance Director

**Robert Yeager, CPA
Finance Director and Treasurer**

THE CITY OF HOOVER, ALABAMA
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2010

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INTRODUCTORY SECTION

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The City of Hoover has an estimated population of 81,619 and is located in north-central Alabama within the Birmingham/Hoover metropolitan statistical area. Hoover occupies approximately 47.79 square miles within Jefferson and Shelby counties.

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**Mayor's Office
City of Hoover**

Tony Petelos
Mayor

March 29, 2011

To the Members of the City Council and the Citizens of the City of Hoover, Alabama

The comprehensive annual financial report for the City of Hoover, Alabama (the City) for the fiscal year ended September 30, 2010, is hereby submitted as mandated by Section 11-43D-17, Code of Alabama, 1975, as amended. These statutes require that the City issues an annual report on its financial position and activity, and that this report be audited by either an independent firm of certified public accountants or the State Department of Examiners of Public Accounts in accordance with generally accepted auditing standards. The accounting firm of Borland Benefield performed the audit.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable assurance in making these representations, the City of Hoover operates under a comprehensive internal control framework that is designed to both protect the government's assets and to provide reliable information for the preparation of these statements. The internal control structure is designed to provide reasonable assurance, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner that presents fairly the economic condition and financial position and results of operations of the City on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's activities have been included.

The Management's Discussion and Analysis provides an overview of these concepts and statements in order to show viewers a broad picture of how the City is doing financially. The MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

If the threshold is met, the city is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to the single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings are included in a separately issued single audit report. For fiscal year 2010, a single audit was required.

PROFILE OF THE GOVERNMENT

Government Structure

The Government has operated under the Mayor-Council form of government since incorporation. Policy making and legislative authority is vested in the City Council, which consists of seven “at large” council members. The City Council is responsible, among other things, for passing resolutions and ordinances, adopting the budget and appointing certain boards and committees. The Mayor is responsible for carrying out the policies and ordinances of the Government, and also appointing certain boards and committees. The Mayor and City Council are elected on a nonpartisan basis to concurrent four-year terms that begin in November of the election year. An election was conducted in the summer of 2008.

The Government provides a full range of services including general administration, planning and zoning, public improvements, E911, police, fire, inspections, municipal court, streets and sanitation, recreation, library and cultural events, and sewer.

Geography, Population, and History

The Government, incorporated in 1967, is located in Jefferson and Shelby Counties in north central Alabama. In 1968, its population was estimated at 410 and has grown to 81,619 today, making it the sixth largest city in the state based on population. Along with this continued population growth, the City comprises approximately 47.79 square miles.

In addition to natural growth within the City limits, the Government also has the power by state statute to extend its corporate limits by annexation, which is done periodically when considered appropriate by the City Council.

The City is a retail hub for the State of Alabama. The Riverchase Galleria is home to more than 200 specialty stores and is anchored by Macy’s, Belk’s, JC Penney, and Sears. The Galleria includes restaurants, a branch of the U.S. Post Office, a hotel, and a 17-story office tower. The City receives 20 to 25% of its sales and use tax revenue from the Galleria.

In addition, the Galleria has spurred other retail and commercial growth along adjoining corridors of the City, including US Highway 31, Lorna Road, and Alabama Highway 150, which includes the Patton Creek commercial development. The Inverness/280 portion of the City also contains many shopping options for people who live and work in that area and beyond, including the Village of Lee Branch commercial center. Furthermore, along the Highway I459/150 corridor, The Grove development is anchored by a Target, and includes several other businesses.

Component Units

The City has no component units included on its financial statements. At one time, parks and recreation and library were included as discretely presented component units. However, upon review the City determined that both operate as any other department does within the City, except that they have their own boards governing them. Thus, because the City controls all willful functions such as budgeting, approval of new positions, and payment of bills for these entities, they are included as departments and not as a component unit.

Budget Process and Controls

Annual budgets are adopted for all funds and project length financial plans are also adopted for the Capital Projects Funds. Each year the budget committee facilitates the budget process and prepares the Mayor's budget to be submitted to the City Council. More details on the budget process are contained in the Notes to the Financial Statements.

The objective of budgetary controls is to ensure compliance with legal provisions embodied within the annual budget approved by the City Council. Department heads monitor the budget at the departmental level within the individual funds by category level. The current categories are salaries and benefits, operating expenditures, capital expenditures, and other uses of funds. The budget was amended several times during the year. Encumbrance accounting is employed during the year, but appropriations automatically lapse at year-end, except for capital items/projects.

ECONOMIC CONDITION

Financial position focuses on existing resources and claims on those resources that an entity may have. More broadly, economic condition refers to an analysis that examines not only existing resources and claims on those resources, but also future resources and claims on future resources. The former focuses on the current situation of the local government, while the latter addresses the future.

Implementation of GASB Statement No. 34 and its government-wide statements focus on economic resources. In addition to including a government-wide outlook, the City also is striving to include information and data to shed light on current and future financial position. The result is a much more broad and inclusive financial report to give the readers an accurate portrayal and outlook of the City currently and in the future.

Long-Term Financial Planning

The City's long-term financial planning revolves around the capital projects budget. Each year capital projects are re-evaluated in order to ensure that a total long term perspective for each project is up to date and funded. The City reserves fund balance in the capital projects fund for the project length budget, rather than what is currently due. Most capital projects cross multiple fiscal years, but this policy ensures that as the project is completed, the funding is available. In addition, operating costs that result from any capital project are considered in this long-term budgetary outlook. This process helps the City to maintain a strong current financial position, as well as its future economic condition.

In order to achieve the aforementioned funding for the capital projects fund, since fiscal year 2007, the City has transferred all excess net change in fund balance above \$100,000 from the General Fund to the Capital Projects Fund. These funds are then available to either supplement existing projects as estimated costs increase, or to fund new projects as the need arises. For fiscal year 2010, this transfer was \$5,709,407, which was an increase from fiscal year 2009 of \$2,706,508.

Relevant Financial Policies

Although the City does not have a formal financial policy that addresses one-time revenue sources, it has consistently applied revenues from the sale of property or land as a special item in our financial statements. In addition, it has been normal practice to apply these funds to the capital projects fund. As a result, these proceeds do not fund the normal operations of the City.

Local Economy

The Government's overall financial condition continues to be strong. The City's total revenue for All Governmental Funds for the fiscal year ended September 30, 2010 decreased by \$106,261, or .11% over the fiscal year ended September 30, 2009. Although this was a decrease, when looking at only the General Fund, the City increased its revenue by almost \$2 million.

The following schedule presents a summary of revenues for all Governmental Funds for the fiscal year ended September 30, 2010, with the amount and percentage of increase (decrease) in relation to the fiscal year ended September 30, 2009.

Below, revenues are broken down by major categories. As shown, three individual categories decreased. They are intergovernmental (14.00%), investment income (19.99%), and contributions and reimbursements (71.34%). On the other hand, the two largest categories of revenue, taxes along with licenses and permits, increased from 2009 to 2010, which is an encouraging sign.

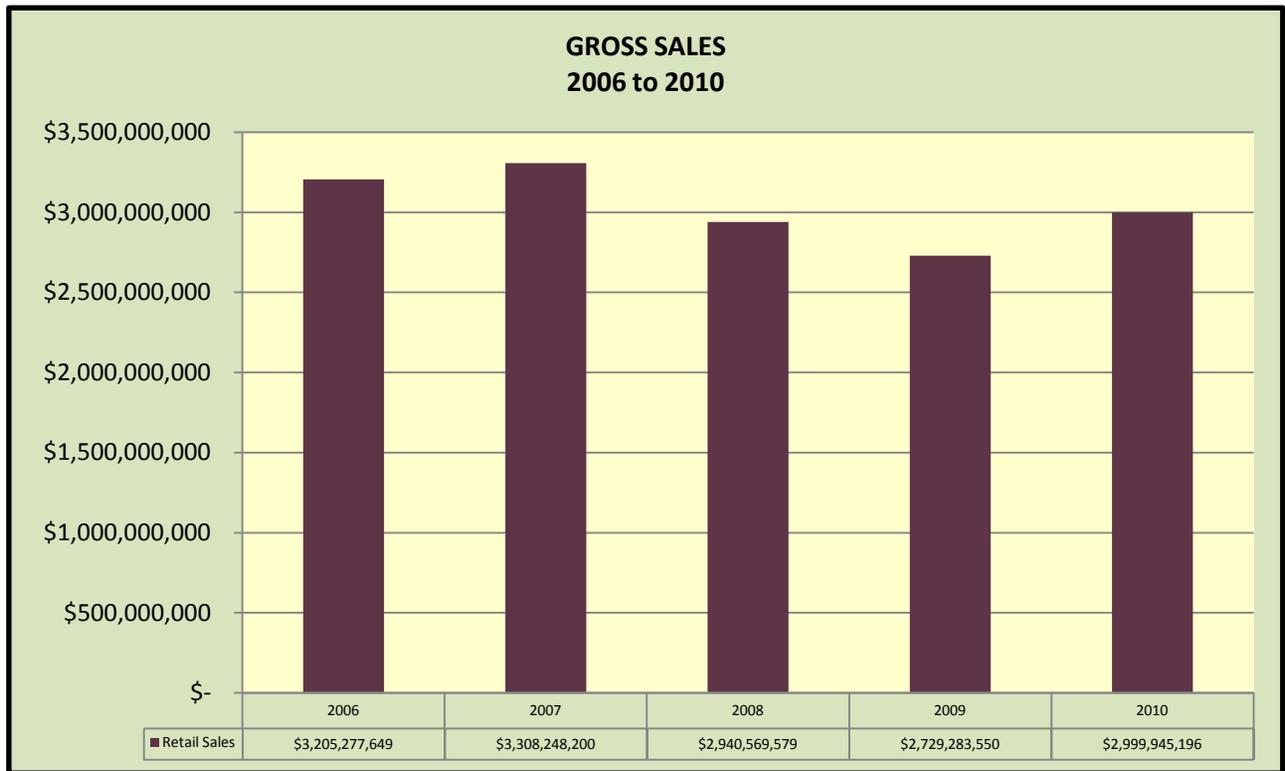
Revenues	FY 2010 Amount	Percent of Total	FY 2009 Amount	Increase (Decrease) From FY 2009	Percent of Increase (Decrease)
Taxes	\$ 74,175,655	75.78 %	\$ 72,211,282	\$ 1,964,373	2.72 %
Licenses and permits	6,875,431	7.02	6,229,574	645,857	10.37
Intergovernmental	5,409,712	5.53	6,290,266	(880,554)	(14.00)
Fines and forfeits	4,054,336	4.14	3,716,045	338,291	9.10
Investment income	1,778,099	1.82	2,222,208	(444,109)	(19.99)
Rents and royalties	879,945	0.90	815,932	64,013	7.85
Contributions and reimbursements	1,061,255	1.08	3,702,758	(2,641,503)	(71.34)
Charges for services	3,433,024	3.51	2,590,304	842,720	32.53
Other	216,739	0.22	212,088	4,651	2.19
Total revenues	<u>\$ 97,884,197</u>	<u>100.00 %</u>	<u>\$ 97,990,456</u>	<u>\$ (106,261)</u>	<u>(0.11) %</u>

The \$880,554 drop in intergovernmental revenue was mainly due to revenue recognized from ALDOT (Alabama Department of Transportation) as road projects get completed. We had almost a \$1 million less in reimbursements in fiscal year 2010. In addition, the decrease in contributions and reimbursements of \$2.6 million was due to a one time capital road project, where the developer contributed \$2.5 million in 2009.

Overall, the City's General Fund was still able to add \$100,000 to fund balance and transfer \$5.7 million to the Capital Projects Fund for future projects.

The two largest sources of tax revenue are sales and use tax revenue and property tax revenue. As illustrated below and on the following two pages, despite sales tax decreasing in 2009, for 2010 they reversed course and increased, while property tax revenue decreased for the first time due to the reduction in housing values in the economy overall. Thus, even though the local economy for the City of Hoover has experienced some decline with regards to property taxes, its major revenue source more than offset this decrease.

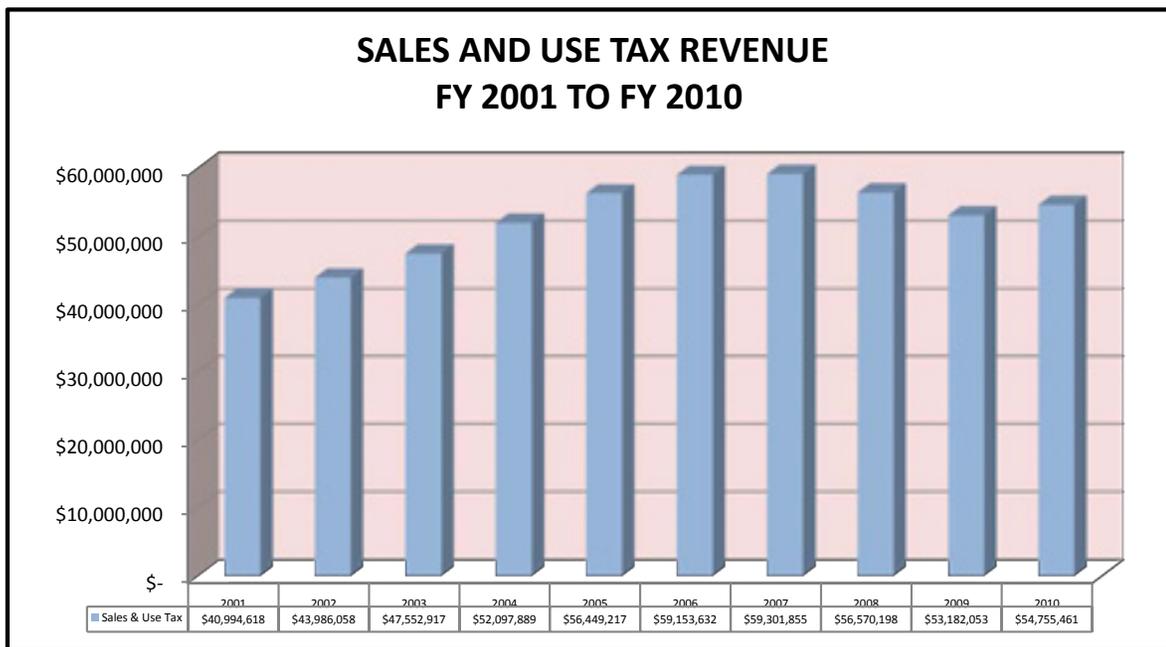
Related to sales and use taxes, the City's total gross sales increased by \$270,661,646 over the previous year to a total of \$2,999,945,196. This represented an increase of 9.92%. Although retail sales have not completely recovered to their prior high in 2007, they have recovered to their 2008 level after the decrease in 2009. The chart below depicts the gross sales growth for the last five years.



Whereas the prior two fiscal years represented declines in the City's sales and use tax revenue, fiscal year 2010 reversed course and increased 2.96% over 2009. The chart and table below depict the past ten years of sales and use tax revenue collected by the City. Because GASB 34 has created a change in financial reporting, numbers for previous years have been adjusted to compare the same sales and use tax revenue as a percentage of All Governmental Fund Types.

<u>Fiscal Year</u>	<u>Sales and Use Tax Revenue</u>	<u>Percent of Increase (Decrease) from Previous Year</u>	<u>Total All Revenue Governmental Fund Types</u>	<u>Percent of Total Revenue</u>
2001	\$ 40,994,618	5.06	\$ 68,738,820	59.64
2002	43,986,058	7.30	73,947,095	59.48
2003	47,552,917	8.11	82,072,193	57.94
2004	52,097,889	9.56	86,238,043	60.41
2005	56,449,217	8.35	92,641,156	60.93
2006	59,153,632	4.79	99,501,833	59.45
2007	59,301,855	0.25	104,222,257	56.90
2008	56,570,198	(4.61)	101,994,557	55.46
2009	53,182,053	(5.99)	97,990,456	54.27
2010	54,755,461	2.96	97,884,197	55.94

City management expects to maintain the fiscal year 2010 level of sales tax revenue receipts in the near future.

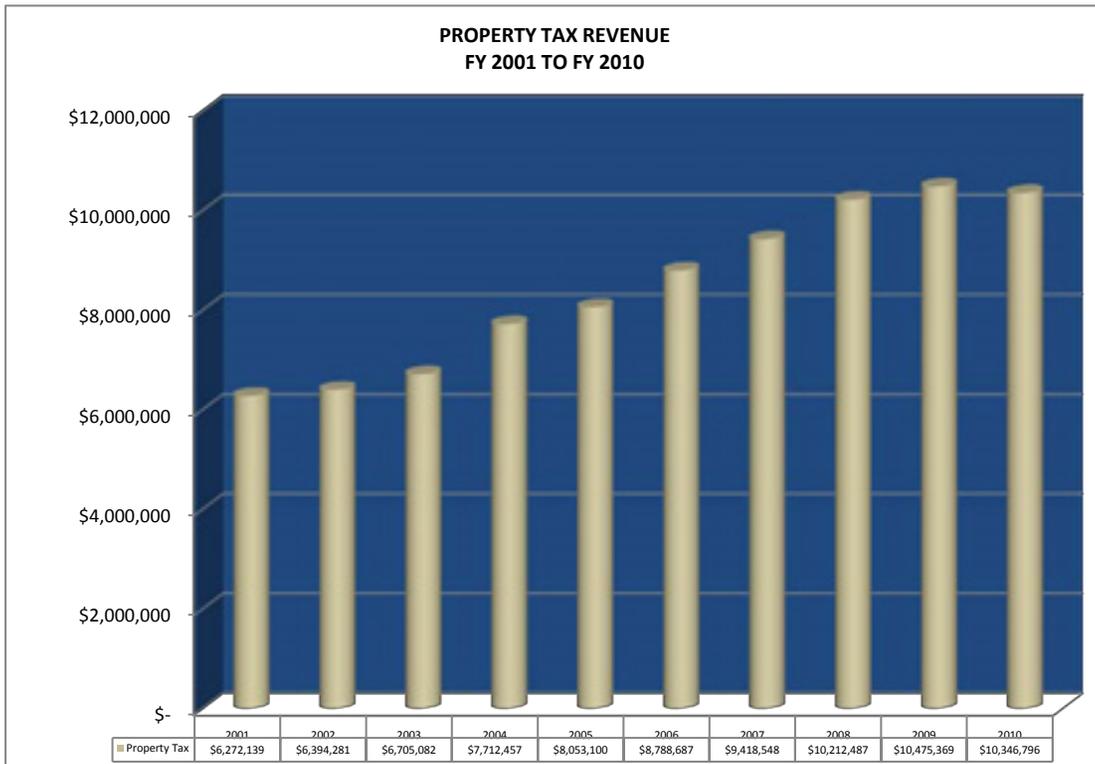


The second largest revenue source for the City is property tax, which comprises 10.57% of total revenues for governmental fund types. A 10 year summary of property tax is as follows:

<u>Fiscal Year</u>	<u>Property Tax Revenue</u>	<u>Percent of Increase (Decrease) from Previous Year</u>	<u>Total All Governmental Fund Types</u>	<u>Percent of Total Revenue</u>
2001	\$ 6,272,139	6.60	\$ 68,738,820	9.12
2002 *	6,394,281	1.95	73,947,095	8.65
2003	6,705,082	4.86	82,072,193	8.17
2004	7,712,457	15.02	86,238,043	8.94
2005	8,053,100	4.42	92,641,156	8.69
2006	8,788,687	9.13	99,501,833	8.83
2007	9,418,548	7.17	104,222,257	9.04
2008	10,212,487	8.43	101,994,557	10.01
2009	10,475,369	2.57	97,990,456	10.69
2010	10,346,796	(1.23)	97,884,197	10.57

* For fiscal year 2002, \$2,086,760 consisted of an advanced property tax payment in the Capital Projects Fund via an agreement to help fund a road project. With this payment, property tax revenue for all governmental fund types was \$8,480,041. However, for accurate trend depiction, this was omitted in the numbers above.

The City's property tax is 6 1/2 mills for general governmental use. Property tax revenue decreased 1.23% over FY 2009. Management expects this number to continue to decrease somewhat in the near future, as the decline in housing prices affects the assessed value of property.



OTHER INFORMATION

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2009. This was the twenty-eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

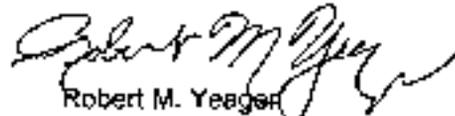
Acknowledgements

The preparation of this comprehensive annual financial report was made possible by the dedicated service of the finance department staff and our auditors, Borland Benefield. We wish to express our appreciation to them. Further, we wish to thank the City Council for their continued support as we strive to excel in financial reporting.

Sincerely,



Tony Petalos
Mayor



Robert M. Yeager
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hoover
Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRS) achieve the highest standards in government accounting and financial reporting.



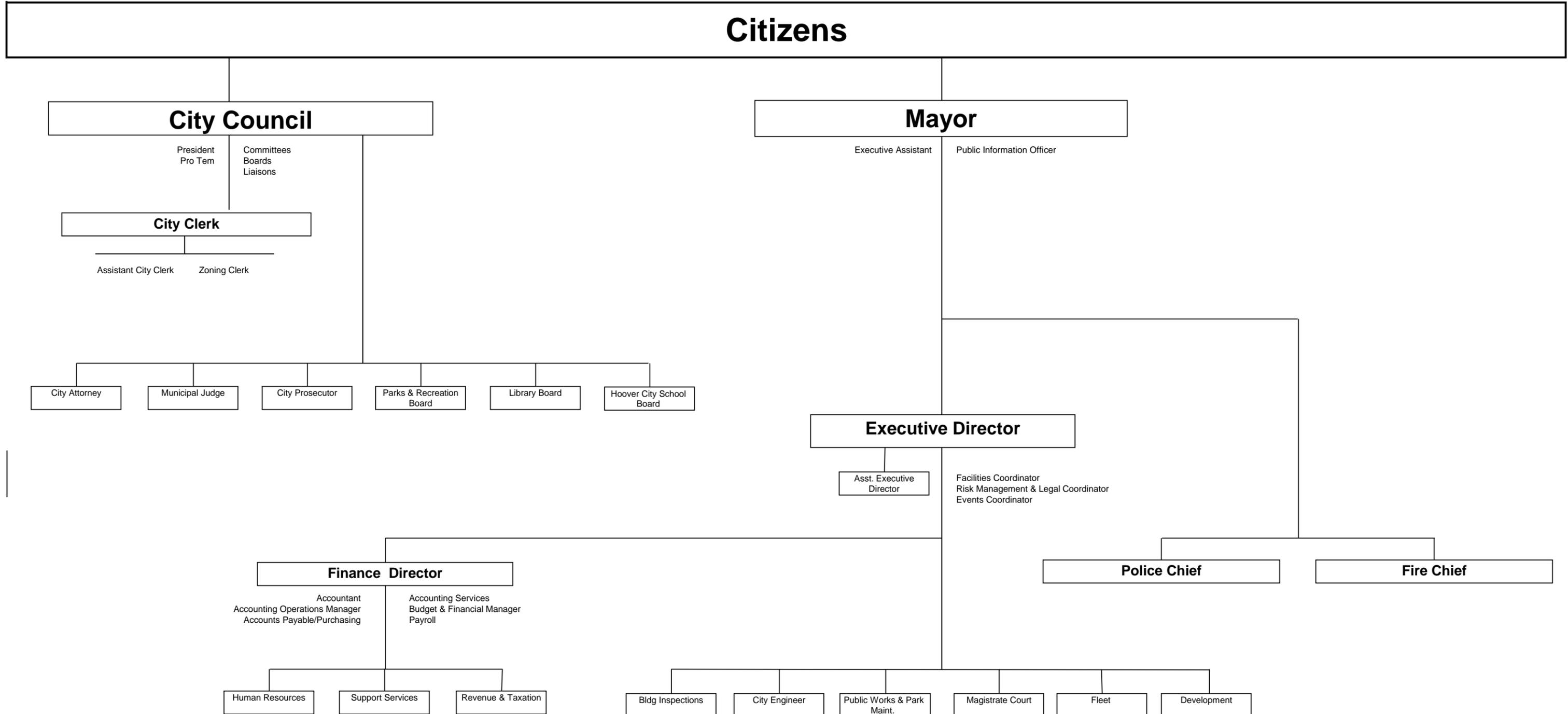
President

Executive Director

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THE CITY OF HOOVER, ALABAMA

Organization Chart



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OFFICIALS FOR THE CITY OF HOOVER, ALABAMA

ELECTED OFFICIALS

Mayor

Tony Petelos

Council President

Gary Ivey

Council President Pro Tempore

Jack Wright

Council Member

John Greene

Council Member

Trey Lott

Council Member

Mari Morrison

Council Member

Brian Skelton

Council Member

Gene Smith

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FINANCIAL SECTION

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To the Honorable Mayor and
Members of the City Council
City of Hoover, Alabama

INDEPENDENT AUDITORS' REPORT

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 Hoover, Alabama, (the "City") as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, 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 of the City as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund 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 29, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of the laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules for the modified approach on pages 19 through 40 and 75 through 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because of the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Borland Benefield, P.C.

Borland Benefield, P.C.
Birmingham, Alabama
March 29, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Hoover's (the "City") discussion and analysis report provides an overview of the City's financial activities for the fiscal year ended September 30, 2010. The purpose of the Management's Discussion and Analysis (MD&A) is to provide a narrative about the transactions, events, and conditions that are reflected in the government's financial report and of the fiscal policies that govern its operations. Thus, both a short and long term analysis of the government's activities will be presented. Please consider the information in this MD&A in conjunction with the Transmittal Letter (beginning on page 1) and the City's financial statements (beginning on page 41).

FINANCIAL HIGHLIGHTS

- The assets of the City of Hoover exceeded its liabilities at the close of the fiscal year ended September 30, 2010, by \$390,349,503. Of this amount, \$334,414,375 is invested in capital assets – net of related debt, \$6,121,528 is restricted by enabling legislation, which by definition is legally restricted to certain uses, \$21,707,247 is restricted for capital projects, and \$28,106,354 may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$19,677,191 or 5.31% in comparison to the net assets at the beginning of the year. A detailed explanation of this increase can be viewed on page 26 of this MD&A.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$59,228,774, an increase of \$5,602,492 in comparison with the prior year. Approximately \$46,406,036 of this total amount is available for spending at the government's discretion (unreserved fund balance).
- Total net assets for governmental activities increased by \$21,397,596, bringing the total to \$365,929,222 for fiscal year 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information.

Government-Wide Financial Statements

The government-wide financial statements (see pages 42-43) are designed to provide readers with an overview of the City's finances in a manner that resembles that of private sector businesses. In these statements, governmental activities and business activities are consolidated into two columns, which are added together for a total for the City as a whole. In order to consolidate the two types of activities, they must both utilize the same measurement focus. Thus, the government-wide statements measure and report all assets (both financial and capital), liabilities, revenues, expenses, gains, and losses using the economic resources

measurement focus and accrual basis of accounting. (This contrasts with the fund financial statements, to be discussed later, which utilize the financial resources measurement focus and the modified-accrual basis of accounting.)

Two statements comprise the government-wide statements. They are the Statement of Net Assets and the Statement of Activities. Both of these statements provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long term debt. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position for the City of Hoover is improving or deteriorating.

The Statement of Activities presents information on both the gross expenses and the net costs, as well as how the government's net assets changed during the most recent fiscal year. This statement is intended to facilitate the user's analysis of the cost of various governmental functions and/or subsidy to business-type activities. Revenues and expenses are posted in this statement for items that will result in cash flows for future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City of Hoover that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges for services (business-type activities). The governmental activities of the City of Hoover include general government, public safety, library, municipal court, education, sanitation, highway and roadway improvements, recreation services, and health, while the business-type activities include the City of Hoover's sewer system. The City no longer has any component units.

Fund Financial Statements

Fund financial statements provide more detailed information about the City's most significant or major funds, not the City as a whole. Funds are accounting mechanisms that the City uses to keep track of specific sources of funding and spending for a particular purpose. The City of Hoover, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has two types of funds: governmental funds and proprietary funds.

Governmental Funds

Most of the City's basic services are included in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to reconcile the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This reconciliation may allow readers to better understand the long-term impact of the government's near-term financing decisions. As a result, both the governmental fund

balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities (see page 44 and page 46, respectively). In addition, a more detailed explanation of the balance sheet reconciliation is given in the notes to the financial statement on page 72.

The City of Hoover maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, which are considered to be major funds. Data from the remaining sixteen non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and individual budgetary comparison schedules later in this report (beginning on page 91).

The City of Hoover adopts an annual appropriated budget for its general, special revenue, and capital projects funds. A budgetary comparison statement has been provided for all of the governmental funds to demonstrate compliance. The general funds' budgetary comparison schedule is shown as a basic financial statement (see page 47).

Proprietary Funds

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, except in more detail. The City of Hoover maintains five proprietary funds, one enterprise fund and four internal service funds. They are the Sewer Enterprise Fund, the Health Insurance Actives Internal Service Fund, the Health Insurance Retirees Internal Service Fund, the Workers Compensation Internal Service Fund, and the Property & Casualty Internal Service Fund. The City of Hoover adopts an annual appropriated budget for these funds also.

Notes to the financial statements

The notes to the financial statements provide additional essential information that will facilitate understanding the data represented in the government-wide and fund financial statements (see pages 51-73).

Other information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information that details the implementation of the modified approach to accounting for its streets and bridges infrastructure assets. With the implementation of GASB Statement No. 34, the City must now report its infrastructure assets. The City opted to adopt the modified approach for its streets and bridges. By using this approach, the City will not depreciate these assets. Thus, for the fiscal year ended 2003, the City conducted a comprehensive inventory and valuation on all of its streets and bridges for the first time. A comprehensive inventory will be done every three years. Fiscal year 2010 represented a full re-assessment. More detailed information on this approach is available in the Notes to Required Supplementary Information, which begins on page 81.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets

The City's total assets on its Statement of Net Assets for fiscal year 2010 totaled \$521,583,191, of which \$467,418,937 or 89.62% was from governmental activities. This was an increase of \$17,391,837 for assets in governmental activities. The majority of this increase was due to the contribution of capital assets, consisting of roads, a new bridge, and a van, in the amount of \$15,095,602 that offset the depreciation in capital assets. In addition, beginning in fiscal year 2010, the City began grossing up its workers comp and property & casualty internal service fund actuarial liability with an offset to statutory actuarial receivable for the amount estimated to be reimbursed by our stop loss insurance carrier. The non-current amount for this was \$1,093,151.

Business-type activities made up \$54,164,254 or 10.38% of total assets for fiscal year 2010, which was a decrease of \$2,635,244, or 4.64% from fiscal year 2009. This decrease was mostly due to using up \$1.9 million of the proceeds from the 2007 warrant issue for expansion of the Riverchase sewer treatment plant.

As shown in the summary below, noncurrent assets comprise 85.65% of total assets, which is a slight decrease from fiscal year 2009 where the percentage was 86.13%. For fiscal 2010, current assets comprised 14.35% of all assets, an increase from fiscal year 2009 where the percentage was 13.87%. Overall, the increase in government-wide assets of \$14,756,593 was due mainly to the contribution of capital assets and an overall increase in cash and investments.

Breakdown of Assets - Statement of Net Assets - Actual

Category	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current assets	\$ 61,411,071	\$ 68,091,606	\$ 8,900,844	\$ 6,767,452	\$ 70,311,914	\$ 74,859,059
Noncurrent assets:						
Capital assets, net of depreciation	387,813,019	397,602,632	47,514,823	47,062,207	435,327,843	444,664,839
Deferred charges (issuance costs)	542,704	396,966	383,831	334,595	926,535	731,562
Statutory actuarial receivable	-	1,093,151	-	-	-	1,093,151
Long-term receivables	260,306	234,581	-	-	260,306	234,581
Total noncurrent assets	<u>388,616,029</u>	<u>399,327,330</u>	<u>47,898,654</u>	<u>47,396,802</u>	<u>436,514,684</u>	<u>446,724,133</u>
Total Assets	<u>\$ 450,027,100</u>	<u>\$ 467,418,937</u>	<u>\$ 56,799,498</u>	<u>\$ 54,164,254</u>	<u>\$ 506,826,598</u>	<u>\$ 521,583,191</u>

Breakdown of Assets - Statement of Net Assets - Percentage by Asset Category-Type

Category	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current assets	13.65%	14.57%	15.67%	12.49%	13.87%	14.35%
Noncurrent assets:						
Capital assets, net of depreciation	86.18%	85.06%	83.65%	86.89%	85.89%	85.25%
Deferred charges (issuance costs)	0.12%	0.08%	0.68%	0.62%	0.18%	0.14%
Statutory actuarial receivable	0.00%	0.23%	0.00%	0.00%	0.00%	0.21%
Long-term receivables	0.06%	0.05%	0.00%	0.00%	0.05%	0.04%
Total noncurrent assets	<u>86.35%</u>	<u>85.43%</u>	<u>84.33%</u>	<u>87.51%</u>	<u>86.13%</u>	<u>85.65%</u>
Total Assets	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Breakdown of Assets - Statement of Net Assets - Percentage by Activity-Type

Category	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current assets	87.34%	90.96%	12.66%	9.04%	100.00%	100.00%
Noncurrent assets:						
Capital assets, net of depreciation	89.09%	89.42%	10.91%	10.58%	100.00%	100.00%
Deferred charges (issuance costs)	58.57%	54.26%	41.43%	45.74%	100.00%	100.00%
Statutory actuarial receivable	0.00%	100.00%	0.00%	0.00%	0.00%	100.00%
Long-term receivables	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%
Total noncurrent assets	<u>89.03%</u>	<u>89.39%</u>	<u>10.97%</u>	<u>10.61%</u>	<u>100.00%</u>	<u>100.00%</u>
Total Assets	<u>88.79%</u>	<u>89.62%</u>	<u>11.21%</u>	<u>10.38%</u>	<u>100.00%</u>	<u>100.00%</u>

Liabilities

The City's total liabilities on its Statement of Net Assets totaled \$131,233,688 of which \$101,489,714 or 77.34% was from governmental activities. This resulted in a decrease of \$4,005,760 for liabilities in governmental activities in fiscal year 2010 compared with fiscal year 2009's liabilities of \$105,495,474. The majority of this was due to long-term debt principal that had been paid and thus relieved and a decrease in accounts payable. This decrease in liabilities was offset by claims payable increases for the internal service funds, including opeb (other post employment benefits), workers compensation, and property & casualty.

Business-type activities made up \$29,743,973, or 22.66% of total liabilities for fiscal year 2010. This was a decrease from the previous year. Specifically, it decreased by \$914,839 compared to the previous year. This was mostly due to the debt service that was paid on the 1999 and 2000 general obligation sewer warrants.

Overall, as shown in the summary below, long-term liabilities consisting of net bonds/warrants payable, compensated absences, and claims payable comprise 87.46% of total liabilities, with current liabilities comprising 12.54%. The percentage represented was a slight change from fiscal year 2009, which was 87.48% and 12.52% respectively.

Breakdown of Liabilities - Statement of Net Assets - Actual

Category	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current liabilities:						
Accounts payable and other accrued liabilities	\$ 6,124,128	\$ 5,025,507	\$ 283,349	\$ 239,193	\$ 6,407,476	\$ 5,264,699
Internal payable	2,318	4,121	(2,318)	(4,121)	-	-
Bonds and warrants payable, net	4,891,240	5,142,599	866,754	901,754	5,757,993	6,044,352
Compensated absences	4,068,399	4,341,639	7,647	13,392	4,076,045	4,355,031
Claims payable opeb	422,895	78,107	-	-	422,895	78,107
Claims payable workers compensation	183,097	238,576	-	-	183,097	238,576
Claims payable property and casualty	202,515	475,015	-	-	202,515	475,015
Total current liabilities	<u>15,894,592</u>	<u>15,305,562</u>	<u>1,155,432</u>	<u>1,150,218</u>	<u>17,050,022</u>	<u>16,455,780</u>
Long-term liabilities:						
Bonds and warrants payable, net	82,447,067	77,304,468	29,482,717	28,580,964	111,929,784	105,885,432
Compensated absences	6,273,641	5,916,063	20,664	12,792	6,294,305	5,928,855
Claims payable opeb	-	970,697	-	-	-	970,697
Claims payable workers compensation	561,821	1,138,528	-	-	561,821	1,138,528
Claims payable property and casualty	318,353	854,396	-	-	318,353	854,396
Total long-term liabilities	<u>89,600,882</u>	<u>86,184,152</u>	<u>29,503,381</u>	<u>28,593,756</u>	<u>119,104,264</u>	<u>114,777,908</u>
Total Liabilities	<u>\$ 105,495,474</u>	<u>\$ 101,489,714</u>	<u>\$ 30,658,812</u>	<u>\$ 29,743,973</u>	<u>\$ 136,154,286</u>	<u>\$ 131,233,688</u>

Breakdown of Liabilities - Statement of Net Assets - Percentage by Liability Category-Type

Category	2009	2010	2009	2010	2009	2010
Current liabilities	15.07%	15.08%	3.77%	3.87%	12.52%	12.54%
Long-term liabilities	<u>84.93%</u>	<u>84.92%</u>	<u>96.23%</u>	<u>96.13%</u>	<u>87.48%</u>	<u>87.46%</u>
Total Liabilities	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Breakdown of Liabilities - Statement of Net Assets - Percentage by Activity-Type

Category	2009	2010	2009	2010	2009	2010
Current liabilities	93.22%	93.01%	6.78%	6.99%	100.00%	100.00%
Long-term liabilities	75.23%	75.09%	24.77%	24.91%	100.00%	100.00%
Total Liabilities	<u>77.48%</u>	<u>77.34%</u>	<u>22.52%</u>	<u>22.66%</u>	<u>100.00%</u>	<u>100.00%</u>

Net Assets

The City's entity-wide net assets totaled \$390,349,503. Governmental activities comprised \$365,929,222 or 93.74% of the total net assets for fiscal year 2010. While there was a substantial increase of \$21,397,596 for net assets in governmental activities, the percentage represented was relatively the same in comparison with fiscal year 2009, which was 92.95%.

Business-type activities made up \$24,420,281, or 6.26% of total net assets for fiscal year 2010. While there was a decrease of \$1,720,405, likewise, the percentage represented was relatively the same in comparison with fiscal year 2009, which was 7.05%. Most of this decrease was due to the decrease in the outstanding balance to be spent out of the 2007 sewer warrants.

The largest portion of the City's assets is restricted or invested in capital assets. In particular, \$334,414,375, or 85.67% is invested in capital assets such as buildings, roads and bridges, less any related debt used to acquire those assets that is still outstanding, \$21,707,247, or 5.56% of net assets is restricted for capital projects, and \$6,121,528, or 1.57% is restricted for other purposes. Thus, the total percentage of restricted assets totaled 92.80% for fiscal year 2010, as compared with fiscal year 2009 at 91.79%.

At the same time, the City has \$28,106,354 or 7.20% of assets available in unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors. Overall, this decreased by \$2,320,324 from fiscal year 2009 to fiscal year 2010, with governmental activities representing a \$2,085,192 decrease, while the business-type activities decreased \$235,133. The major reason for the decrease in unrestricted net assets is due to restrictions on capital projects and other purposes (special revenue fund balances) increasing.

Summary of Net Assets - Primary Government - Actual

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Invested in capital assets, net of related debt	\$ 300,474,712	\$ 315,155,565	\$ 20,744,083	\$ 19,258,810	\$ 321,218,795	\$ 334,414,375
Restricted for capital projects	14,921,949	21,707,247	-	-	14,921,949	21,707,247
Restricted for other purposes	4,104,890	6,121,528	-	-	4,104,890	6,121,528
Unrestricted	<u>25,030,075</u>	<u>22,944,883</u>	<u>5,396,604</u>	<u>5,161,471</u>	<u>30,426,678</u>	<u>28,106,354</u>
Total net assets	<u>\$ 344,531,626</u>	<u>\$ 365,929,222</u>	<u>\$ 26,140,686</u>	<u>\$ 24,420,281</u>	<u>\$ 370,672,312</u>	<u>\$ 390,349,503</u>

Summary of Net Assets - Primary Government - Percentage by Net Asset Category -Type

	2009	2010	2009	2010	2009	2010
Invested in capital assets, net of related debt	87.21%	86.12%	79.36%	78.86%	86.66%	85.67%
Restricted for capital projects	4.33%	5.93%	0.00%	0.00%	4.03%	5.56%
Restricted for other purposes	1.19%	1.67%	0.00%	0.00%	1.11%	1.57%
Unrestricted	<u>7.26%</u>	<u>6.27%</u>	<u>20.64%</u>	<u>21.14%</u>	<u>8.21%</u>	<u>7.20%</u>
Total net assets	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Summary of Net Assets - Primary Government - Percentage by Activity-Type

	2009	2010	2009	2010	2009	2010
Invested in capital assets, net of related debt	93.54%	94.24%	6.46%	5.76%	100.00%	100.00%
Restricted for capital projects	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%
Restricted for other purposes	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%
Unrestricted	<u>82.26%</u>	<u>81.64%</u>	<u>17.74%</u>	<u>18.36%</u>	<u>100.00%</u>	<u>100.00%</u>
Total net assets	<u>92.95%</u>	<u>93.74%</u>	<u>7.05%</u>	<u>6.26%</u>	<u>100.00%</u>	<u>100.00%</u>

As mentioned above, the largest portion of the City's net assets (85.67%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Thus, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Activities

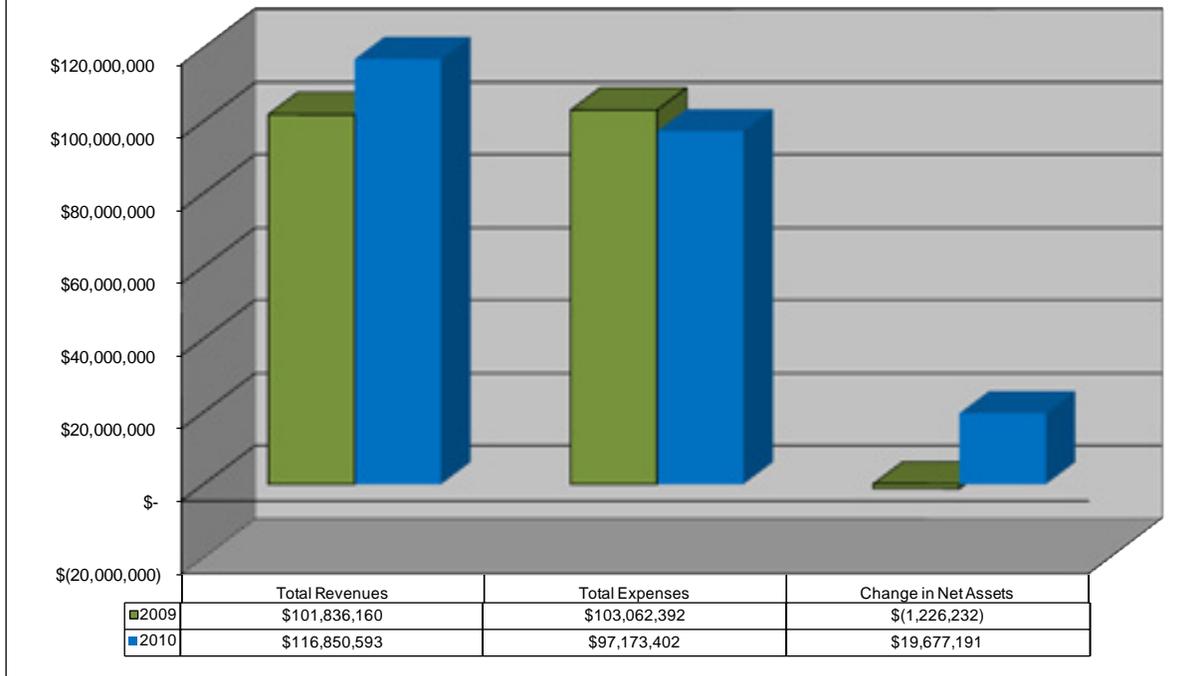
The Statement of Activities includes governmental activities and business-type activities. The total change in net assets for the fiscal year ended 2010 was \$19,677,191 compared with the fiscal year ended 2009 change in net assets of (\$1,226,232), a difference of \$20,903,423. The main reason for the large difference between the two years is that fiscal year 2010 had an overall increase in revenues of \$15,014,434 with a corresponding decrease in total expenses of \$5,888,990. The former was mostly due to an increase in capital grants and contributions related to acceptance of new roadways, as well as a new bridge. The latter decrease in expenses was mainly due to a decrease in spending on the progression of various road projects.

The following schedule compares revenue and expenses from the Statement of Activities for the current and previous year by actual amounts.

Category	CHANGE IN NET ASSETS AS OF SEPTEMBER 30					
	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
REVENUES						
Program Revenues:						
Charges for services	\$ 13,355,797	\$ 15,244,391	\$ 3,924,511	\$ 4,050,686	\$ 17,280,308	\$ 19,295,077
Operating grants and contributions	5,596,094	3,569,003	-	-	5,596,094	3,569,003
Capital grants and contributions	1,447,809	15,333,481	-	-	1,447,809	15,333,481
General Revenues:						
Sales and use taxes	53,182,053	54,755,461	-	-	53,182,053	54,755,461
Property taxes	10,475,368	10,346,796	-	-	10,475,368	10,346,796
Other taxes	8,553,861	9,073,398	-	-	8,553,861	9,073,398
Intergovernmental revenue not restricted	2,998,692	2,517,021	-	-	2,998,692	2,517,021
Unrestricted Investment income	2,218,558	1,776,945	24,335	8,352	2,242,893	1,785,297
Gain (loss) on asset disposals	(85,987)	-	-	-	(85,987)	-
Other revenue	145,068	175,059	-	-	145,068	175,059
Total Revenues	<u>\$ 97,887,313</u>	<u>\$ 112,791,555</u>	<u>\$ 3,948,846</u>	<u>\$ 4,059,038</u>	<u>\$ 101,836,159</u>	<u>\$ 116,850,593</u>
EXPENSES						
Program Activities:						
General government	\$ 12,843,118	\$ 12,459,943	\$ -	\$ -	\$ 12,843,118	\$ 12,459,943
Public safety	43,857,205	42,186,343	-	-	43,857,205	42,186,343
Library	6,123,208	6,217,356	-	-	6,123,208	6,217,356
Municipal court	1,617,927	1,560,283	-	-	1,617,927	1,560,283
Sanitation	5,658,314	5,843,793	-	-	5,658,314	5,843,793
Education	2,000,000	2,000,000	-	-	2,000,000	2,000,000
Highway and roadway improvements	12,148,929	7,831,687	-	-	12,148,929	7,831,687
Recreation services	9,002,873	8,908,303	-	-	9,002,873	8,908,303
Health	268,116	268,098	-	-	268,116	268,098
Interest and fiscal charges	4,282,869	4,118,153	-	-	4,282,869	4,118,153
Sewer services	-	-	5,259,834	5,779,443	5,259,834	5,779,443
Total Expenses	<u>\$ 97,802,558</u>	<u>\$ 91,393,959</u>	<u>\$ 5,259,834</u>	<u>\$ 5,779,443</u>	<u>\$ 103,062,392</u>	<u>\$ 97,173,402</u>
Excess (deficiency) before special items	84,756	21,397,596	(1,310,988)	(1,720,405)	(1,226,232)	19,677,191
CHANGE IN NET ASSETS	<u>\$ 84,756</u>	<u>\$ 21,397,596</u>	<u>\$ (1,310,988)</u>	<u>\$ (1,720,405)</u>	<u>\$ (1,226,232)</u>	<u>\$ 19,677,191</u>

The above data is summarized in the chart on the next page.

**COMPARISON OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
ALL ACTIVITIES
FY 2009 AND FY 2010**



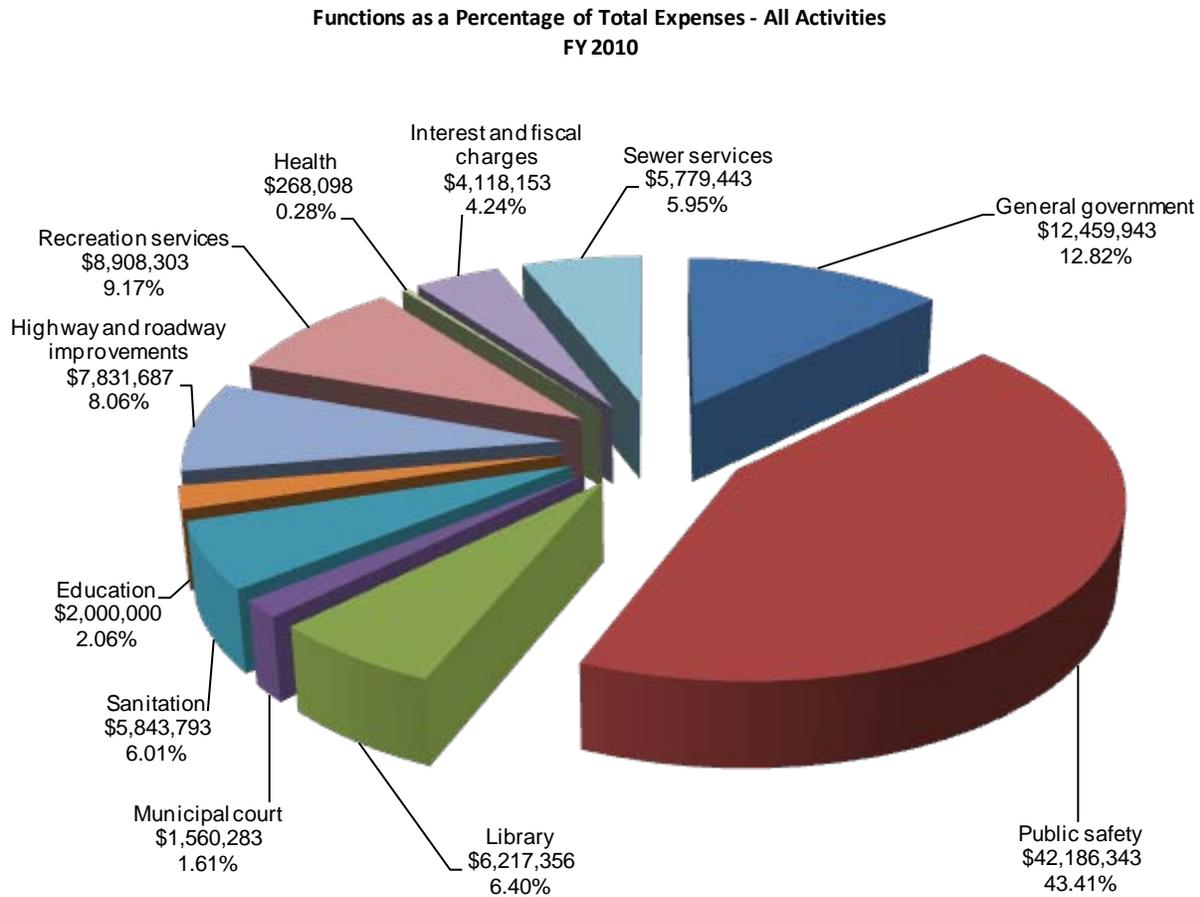
After capital grants and contributions, the categories with the largest \$ increase in revenues were charges for services and sales & use taxes. The City saw a turnaround from the previous year in terms of its tax collections. The schedule below shows the % change in detail by each category.

**CHANGE IN NET ASSETS - PERCENTAGE BY CATEGORY
AS OF SEPTEMBER 30**

Category	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
REVENUES						
Program Revenues:						
Charges for services	13.64%	13.52%	99.38%	99.79%	16.97%	16.51%
Operating grants and contributions	5.72%	3.16%	0.00%	0.00%	5.50%	3.05%
Capital grants and contributions	1.48%	13.59%	0.00%	0.00%	1.42%	13.12%
General Revenues:						
Sales and use taxes	54.33%	48.55%	0.00%	0.00%	52.22%	46.86%
Property taxes	10.70%	9.17%	0.00%	0.00%	10.29%	8.85%
Other taxes	8.74%	8.04%	0.00%	0.00%	8.40%	7.76%
Intergovernmental revenue not restricted	3.06%	2.23%	0.00%	0.00%	2.94%	2.15%
Unrestricted Investment income	2.27%	1.58%	0.62%	0.21%	2.20%	1.53%
Gain on sale of disposed equipment	-0.09%	0.00%	0.00%	0.00%	-0.08%	0.00%
Other revenue	0.15%	0.16%	0.00%	0.00%	0.14%	0.15%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
EXPENSES						
Program Activities:						
General government	13.13%	13.63%	0.00%	0.00%	12.46%	12.82%
Public safety	44.84%	46.16%	0.00%	0.00%	42.55%	43.41%
Library	6.26%	6.80%	0.00%	0.00%	5.94%	6.40%
Municipal court	1.65%	1.71%	0.00%	0.00%	1.57%	1.61%
Sanitation	5.79%	6.39%	0.00%	0.00%	5.49%	6.01%
Education	2.04%	2.19%	0.00%	0.00%	1.94%	2.06%
Highway and roadway improvements	12.42%	8.57%	0.00%	0.00%	11.79%	8.06%
Recreation services	9.21%	9.75%	0.00%	0.00%	8.74%	9.17%
Health	0.27%	0.29%	0.00%	0.00%	0.26%	0.28%
Interest and fiscal charges	4.38%	4.51%	0.00%	0.00%	4.16%	4.24%
Sewer services	0.00%	0.00%	100.00%	100.00%	5.10%	5.95%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
CHANGE IN NET ASSETS	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Expenses

Public safety activities, which include dispatch, police, fire, and inspections, accounted for 43.41% of the total expenses on the Statement of Activities. After the general government category that represented 12.82% of expenses, recreation services (including park maintenance), highway & roadway improvements, and the library comprised 9.17%, 8.06%, and 6.40% of expenses, respectively. Interest and fiscal charges, which represent mandatory spending (as opposed to discretionary spending) represented only 4.24% of total expenses.



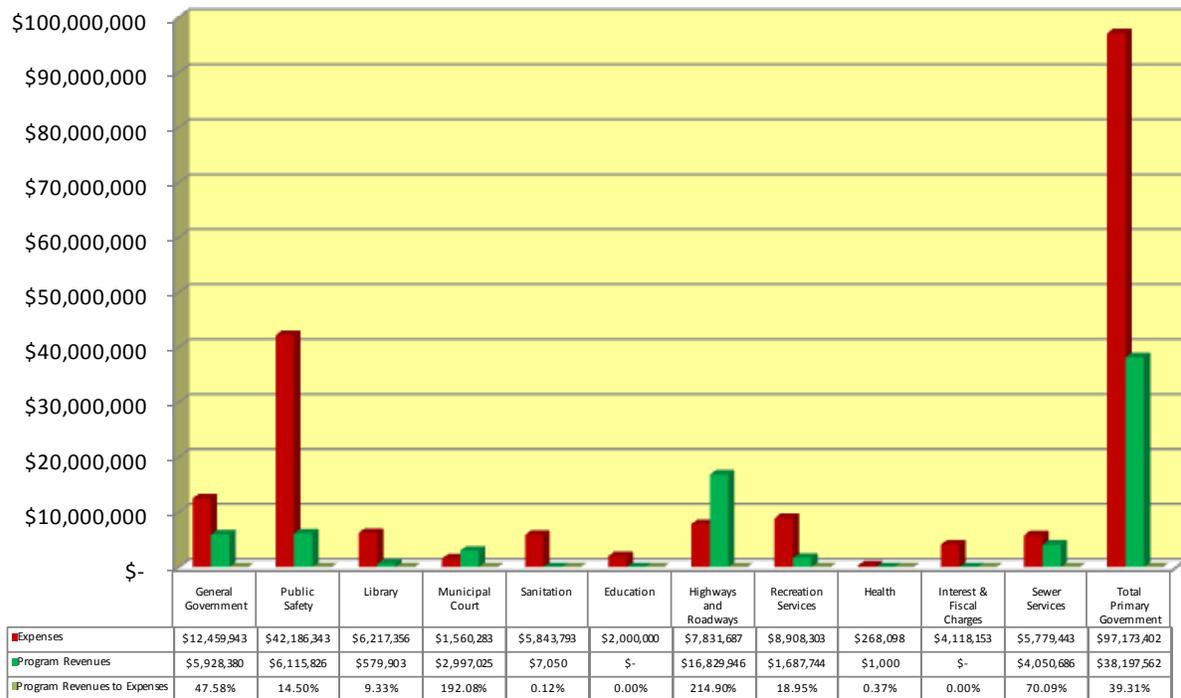
The chart above illustrates the entire expense breakdown by function and corresponding percentage for fiscal year 2010. The percentages match closely with those of fiscal year 2009 in that only one category's representation changed more than 1%, which was highway and roadway improvements that decreased by 3.73%. Fiscal year 2009 represented several road projects reaching completion and thus explains the decrease in % composition by that category when compared to fiscal year 2010.

Program Revenues

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The chart below depicts the amount of program expenses and the offsetting program revenue by function. As illustrated, the highways & roadways category makes up the largest program revenue category in the amount of \$16,829,946, or 44.06%. The number is mostly comprised of the capital contribution related to roads dedicated by developers. The second largest category for program income was public safety in the amount of \$6,115,826, or 16.01%. About \$2 million of this was from police and \$2 million from building inspection services, as well as \$1.6 million dispatch, and most of the balance from fire.

Expenses and Program Revenues - All Activities
FY 2010



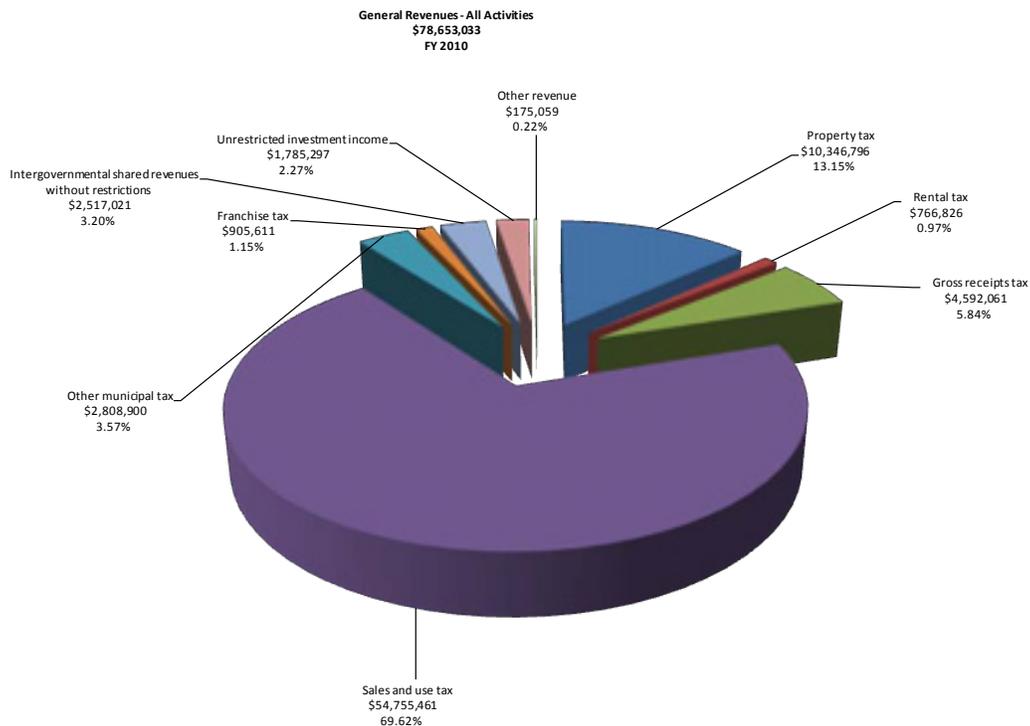
In addition, Highways & Roadways and Municipal Court were the only programs that took in more revenue than they had expenses. For fiscal year 2010, Highways & Roadways and Municipal Court had expenses totaling \$7,831,687 and \$1,560,283, program revenues totaling \$16,829,946 and \$2,997,025, which represented 214.90% and 192.08% of revenues to expenses, respectively. It is important to note that by state law, some of Municipal Court's funding can be and is used to defray costs of operating the jail, which is included under the public safety category.

Sewer Service expenses for fiscal year 2010 totaled \$5,779,443 and program revenues totaled \$4,050,686, which represented 70.09% of revenues to expenses. Currently, a sewer rate study is underway that will make suggestions on how to close the gap between the sewer's revenues and expenses.

General Revenues

As a whole, primary government programs offset 39.31% of their total expenses (\$97,173,402) from program revenue (\$38,197,562). General revenues also helped to offset the balance of these programs by \$78,753,033.

Sales and use tax encompass the overwhelming percentage of general revenues, making up \$54,755,461 of them, which is 69.62% of total general revenues. The second largest category that contributes to general revenues is property tax, which comprised \$10,346,796 or 13.15% of total revenues. Gross receipts taxes from public utilities and insurance companies comprised the third largest source of general revenue bringing in \$4,592,061, or 5.84%.



In summary, after taking into account total expenses, total program revenues, and total general revenues for governmental activities in the Statement of Activities, net assets increased by \$19,677,191 for the primary government. As a result, the net assets at the end of the year totaled \$390,349,503 for all activities. Even though the contribution of capital assets in the amount of \$15,095,602 made up most of this increase in net assets, \$4,581,589 was other than this contribution, and a positive sign when compared to the economy as a whole nationwide.

OTHER PROPRIETARY FUNDS

Internal Service Funds

In addition to the Sewer Enterprise Fund, the City has four internal service funds. These internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements on pages 48-50. Individual fund data for these funds is provided in the form of *combining statements* on pages 96-98 of this report.

Due to the implementation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (OPEB) in fiscal year 2009, the City separated the health insurance internal service fund into two internal service funds, one for active employees and one for retirees. These track all expenses relating to health and dental insurance for employees, retirees, and cobra participants, as applicable. The workers compensation internal service fund tracks all revenues/expenses related to the administration of our workers compensation program. In addition, the City has a property and casualty internal service fund. The City is self-insured for all four of these programs.

The health insurance - actives - internal service fund ended the year with \$1,513,908 in net assets, while the health insurance - retirees - internal service fund ended the year with (\$890,322) in net assets. The latter was due to the recording of the net OPEB obligation as a result of the GASB Statement No. 45 implementation mentioned above.

The workers compensation internal service fund ended the year with \$528,572 in net assets, while the property and casualty internal service fund, ended the year with \$503,501 in net assets, for a combined total in all internal service funds of \$1,655,659 in net assets. Overall, the City is pleased with the net asset position of these internal service funds. However, the health insurance - retirees - internal service fund is currently being analyzed and reviewed for changes that might make it more affordable and more equitable among city employees.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Hoover uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information not only provides more detail, but is also useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. The graph below illustrates the breakdown of governmental funds for fiscal year 2010.

	2010			Total Governmental Funds
	Governmental Funds			
	General Fund	Capital Projects Fund	Other Governmental Funds	
Total revenues	\$ 89,679,493	\$ 57,215	\$ 8,147,489	\$ 97,884,197
Total expenditures	81,880,897	2,040,401	8,360,407	92,281,706
Total other financing sources (uses)	<u>(7,698,596)</u>	<u>5,227,946</u>	<u>2,470,650</u>	-
Net change in fund balances	100,000	3,244,760	2,257,732	5,602,492
Fund balances, beginning of year	<u>31,300,000</u>	<u>16,094,092</u>	<u>6,232,191</u>	<u>53,626,283</u>
Fund balances, end of year	<u><u>\$ 31,400,000</u></u>	<u><u>\$ 19,338,852</u></u>	<u><u>\$ 8,489,923</u></u>	<u><u>\$ 59,228,775</u></u>
Percent of fund balance to expenditures	38.35%	947.80%	101.55%	64.18%

Other than the general fund, the City has only one other major fund. It is the capital projects fund. All other funds, which consist of special revenue funds and other capital project funds, are lumped into the other governmental funds column.

As of September 30, 2010, the City of Hoover's governmental funds reported combined ending fund balances of \$59,228,774. Approximately \$46,406,036 or 78.35% constitutes unreserved fund balance and is available for spending at the government's discretion. The remainder of the fund balance is reserved for a non-current receivable, inventories, prepaid items, and ongoing capital projects in the amount of \$12,822,739 or 21.65%.

In fiscal year 2009, the combined governmental ending fund balances were \$53,626,283. The total end of the year fund balances increased by \$5,602,492 from fiscal 2009 to fiscal 2010. This increase was actualized as follows: General Fund - \$100,000, Capital Projects Fund - \$3,244,760, and Other Governmental Funds - \$2,257,732. By resolution, all the excess in the General Fund above \$100,000 is transferred to the Capital Projects Fund. The increase in Other Governmental Funds was attributable to various special revenue funds that had increases during the fiscal year.

General Fund

The general fund is the chief operating fund for the City of Hoover. As of September 30, 2010, the total fund balance of the general fund was \$31,400,000 as compared with September 30, 2009 where it was \$31,300,000, an increase of \$100,000. The end of the year fund balance for fiscal year 2010 represents approximately 38.35% of total general fund expenditures, which is a very healthy fund balance.

Capital Projects Fund

The capital projects fund is the primary fund for tracking city funding for various capital projects and/or capital items. As of September 30, 2010, the total ending fund balance for the capital projects fund was \$19,338,852. For the fiscal year, a transfer from the general fund in the amount of \$5,227,946 offset the total expenditures during the year of \$2,040,401.

The City does have several ongoing projects and commitments that are to be funded from this fund. These commitments represent projects that have been approved and have been started, but not completed. The total city portion of commitments from this fund is estimated at \$12,010,363 and shows as reserved fund balance. The balance, \$7,328,489 is unreserved and available to be allocated to future projects as needed.

Other Governmental Funds

Other governmental funds include various special revenue funds and other capital project funds. Anything that has a legal requirement to be tracked separately and general grants that the City receives are all tracked in various special revenue funds. These funds are intended for specific uses. The other governmental funds are funds that the City uses to track outside funding, in particular, grants for capital projects. Keeping these funds separate from the main capital project fund helps the City to facilitate record keeping. In other words, the City budgets the city portion of capital projects in the capital projects fund and the outside funding portion in these other governmental funds. All projects are tracked with a project code that provides an overview of the entire project, no matter what funding sources are utilized.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of the general fund resulted in a net increase of budgetary fund balance in the amount of \$100,000. As shown below, budgeted revenues increased by \$5,705,131, or 6.74% of the original budget. This was due to a conservative projection for the original budget that was adopted by city council.

The total expenditure budget decreased by \$1,295,244, or 1.54%. The major reason for this (and the revenue projection change) was to allow an additional transfer to the capital projects funds for future projects by using the surplus in the expenditure accounts at the end of the fiscal year. For the last several years, the City has transferred all excess in the general fund above \$100,000 to the capital projects fund.

General Fund Original Budget to Amended Budget

	Original Budget	Amended Budget	Difference Between Original Budget and Amended Budget	% Difference Between Original Budget and Amended Budget	
Revenues					
Taxes	\$ 70,674,000	\$ 74,549,905	\$ 3,875,905	5.48	%
Licenses and permits	5,906,600	6,875,520	968,920	16.40	
Intergovernmental	1,299,471	1,363,891	64,420	4.96	
Fines and forfeits	1,749,000	1,831,348	82,348	4.71	
Investment income	1,601,000	1,777,942	176,942	11.05	
Rents and royalties	818,934	893,202	74,268	9.07	
Contributions and reimbursements	1,065,687	1,183,044	117,357	11.01	
Charges for services	1,431,200	1,688,555	257,355	17.98	
Other	124,200	211,816	87,616	70.54	
Total revenues	<u>84,670,092</u>	<u>90,375,223</u>	<u>5,705,131</u>	6.74	%
Expenditures					
Current operations					
General government	12,766,037	11,199,443	(1,566,594)	-12.27	%
Public safety	36,622,118	36,906,674	284,556	0.78	
Library	5,732,625	5,747,974	15,349	0.27	
Municipal court	130,323	122,737	(7,586)	-5.82	
Sanitation	5,899,701	5,844,352	(55,349)	-0.94	
Education	2,000,000	2,000,000	-	0.00	
Highway and roadway improvements	4,199,703	4,092,684	(107,019)	-2.55	
Recreation services	7,236,974	7,355,211	118,237	1.63	
Health	270,913	264,075	(6,838)	-2.52	
Total	<u>74,858,394</u>	<u>73,533,150</u>	<u>(1,325,244)</u>	-1.77	%
Capital outlays	26,812	56,812	30,000	111.89	%
Debt service					
Principal	5,050,000	5,050,000	-	0.00	%
Interest	3,971,987	3,971,987	-	0.00	
Fiscal agent fees	5,050	5,050	-	0.00	
Bond issuance costs	-	-	-		
Total expenditures	<u>83,912,243</u>	<u>82,616,999</u>	<u>(1,295,244)</u>	-1.54	%
Excess (deficiency) of revenues over (under) expenditures	757,849	7,758,224	7,000,375	9.24	
Other financing sources (uses)					
Transfers in	21,930,136	20,963,101	(967,035)	-0.04	
Transfers out	(22,687,985)	(28,621,325)	(5,933,340)	0.26	
Total other financing sources (uses)	<u>(757,849)</u>	<u>(7,658,224)</u>	<u>(6,900,375)</u>	9.11	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	100.00	%
Fund balances, beginning of year	31,300,000	31,300,000	-		
Fund balances, end of year	31,300,000	31,400,000	100,000		

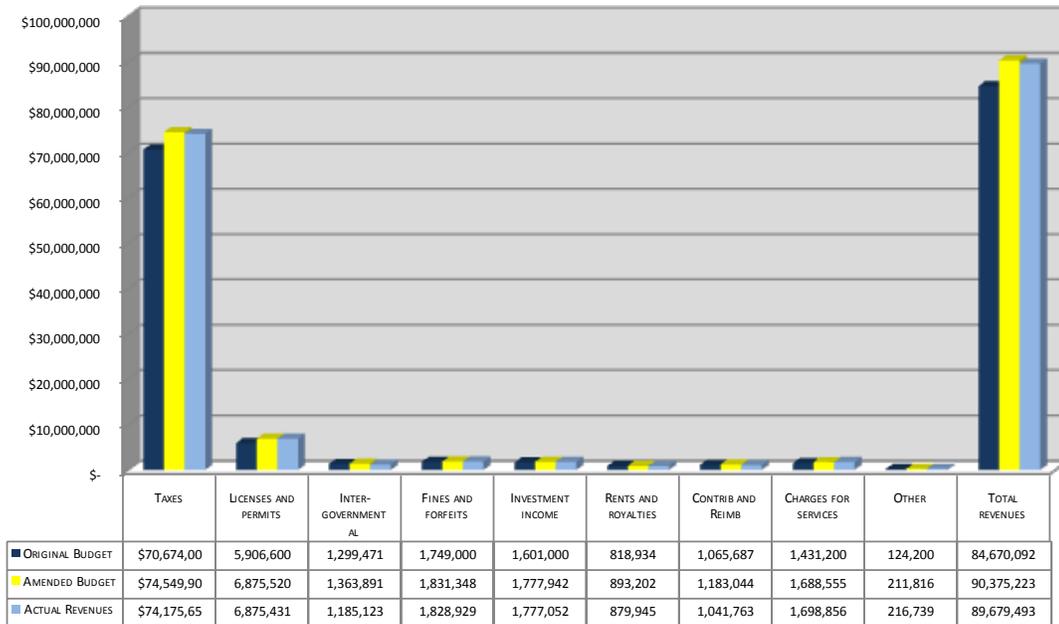
In terms of budget to actual, the graph below shows the percentage difference by function for each category. Revenues came in at \$695,731 less than the amended projection, but \$5,009,401 more than the original projection. For the final year end transfer from the General Fund to the Capital Projects Fund, the budget is amended to account for the \$100,000 to General Fund balance and everything else moves to the transfer out line. Various accounts are changed according to their balances. Revenue accounts with surplus are amended to equal the actual revenues, but those accounts that did not meet projections are not affected, which is why the \$695,731 unfavorable balance exists.

Total expenditures were \$736,102 less than the amended budget. As mentioned previously, an amendment was done that moved a great deal of expenditure surplus to the capital projects fund to finance future capital projects. This requires a final budget amendment that closely mirrors the actual expenditures for the fiscal year. Due to this transfer, the amended budget to actual comparison is not as informative as the original budget to actual comparison.

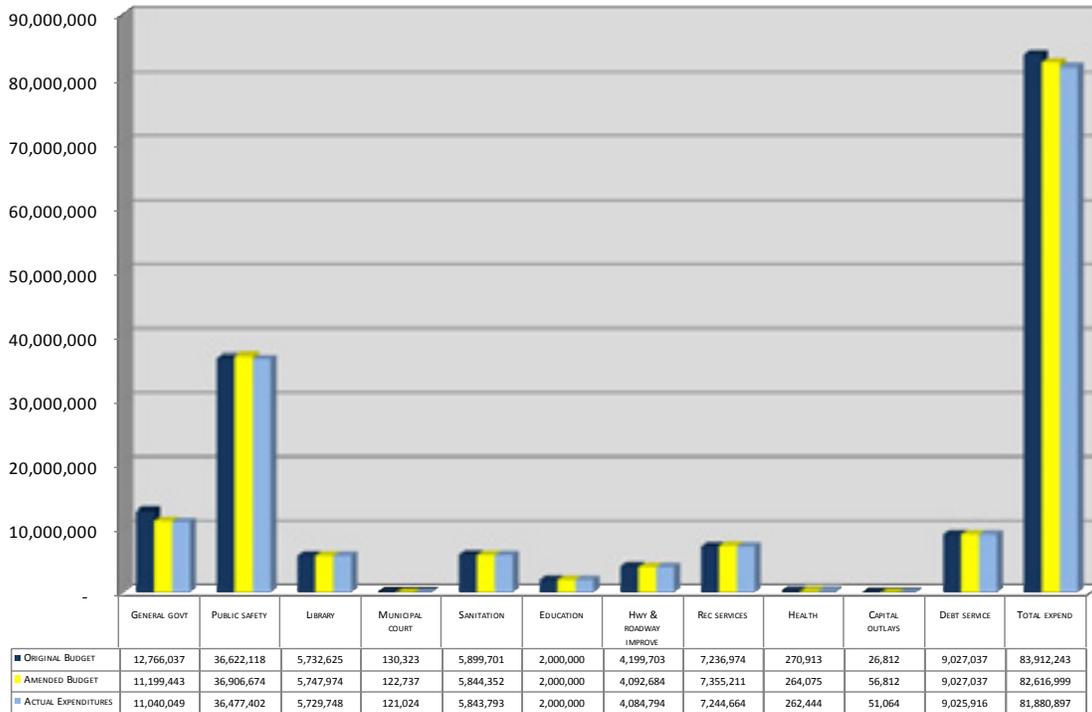
General Fund Original Budget, and Amended Budget to Actual					
	Original Budget	Amended Budget	Actual	Amended Variance Favorable (Unfavorable)	% Difference Between Amended Budget and Actual Expenditure
Revenues					
Taxes	\$ 70,674,000	\$ 74,549,905	\$ 74,175,655	\$ (374,250)	-0.50 %
Licenses and permits	5,906,600	6,875,520	6,875,431	(89)	0.00
Intergovernmental	1,299,471	1,363,891	1,185,123	(178,768)	-13.11
Fines and forfeits	1,749,000	1,831,348	1,828,929	(2,419)	-0.13
Investment income	1,601,000	1,777,942	1,777,052	(890)	-0.05
Rents and royalties	818,934	893,202	879,945	(13,257)	-1.48
Contributions and reimbursements	1,065,687	1,183,044	1,041,763	(141,281)	-11.94
Charges for services	1,431,200	1,688,555	1,698,856	10,301	0.61
Other	124,200	211,816	216,739	4,923	2.32
Total revenues	<u>84,670,092</u>	<u>90,375,223</u>	<u>89,679,493</u>	<u>(695,731)</u>	<u>-0.77</u>
Expenditures					
Current operations					
General government	12,766,037	11,199,443	11,040,049	159,394	1.42
Public safety	36,622,118	36,906,674	36,477,402	429,272	1.16
Library	5,732,625	5,747,974	5,729,748	18,226	0.32
Municipal court	130,323	122,737	121,024	1,713	1.40
Sanitation	5,899,701	5,844,352	5,843,793	559	0.01
Education	2,000,000	2,000,000	2,000,000	-	0.00
Highway & roadway improvements	4,199,703	4,092,684	4,084,794	7,890	0.19
Recreation services	7,236,974	7,355,211	7,244,664	110,547	1.50
Health	270,913	264,075	262,444	1,631	0.62
Total	<u>74,858,394</u>	<u>73,533,150</u>	<u>72,803,917</u>	<u>729,233</u>	<u>0.99</u>
Capital outlays	26,812	56,812	51,064	5,748	10.12
Debt service					
Principal	5,050,000	5,050,000	5,050,000	-	0.00
Interest	3,971,987	3,971,987	3,971,966	21	0.00
Fiscal agent fees	5,050	5,050	3,950	1,100	21.78
Bond issuance costs	-	-	-	-	0.00
Total expenditures	<u>83,912,243</u>	<u>82,616,999</u>	<u>81,880,897</u>	<u>736,102</u>	<u>0.89</u>
Excess (deficiency) of revenues over (under) expenditures	757,849	7,758,224	7,798,596	40,372	0.52
Other financing sources (uses)					
Transfers in	21,930,136	20,963,101	19,537,761	(1,425,340)	-6.80
Transfers out	<u>(22,687,985)</u>	<u>(28,621,325)</u>	<u>(27,236,357)</u>	<u>1,384,968</u>	<u>-4.84</u>
Total other financing sources (uses)	<u>(757,849)</u>	<u>(7,658,224)</u>	<u>(7,698,596)</u>	<u>(40,372)</u>	<u>0.53</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>100.00 %</u>
Fund balances, beginning of year			<u>31,300,000</u>	-	
Fund balances, end of year			<u>\$ 31,400,000</u>	<u>\$ -</u>	

Overall, the City did quite well with its conservative projections in a down economy. The charts on the next page summarize the comparison of total revenue and total expenditures by original budget, amended budget, and actual received for fiscal year 2010.

GENERAL FUND BUDGET - REVENUES
COMPARISON OF ORIGINAL BUDGET, AMENDED BUDGET, AND ACTUAL REVENUE
FY 2010



GENERAL FUND BUDGET - EXPENDITURES
COMPARISON OF ORIGINAL BUDGET, AMENDED BUDGET, AND ACTUAL EXPENDITURES
FY 2010



Capital Asset and Debt Administration

Capital Assets

The City of Hoover's investment in capital assets for its governmental and business-type activities as of September 30, 2010, amounts to \$444,664,839 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, streets and bridges infrastructure, buildings and capital facilities, equipment and vehicles, improvements other than buildings, and other infrastructure.

The City added streets and bridges infrastructure to its capital assets in fiscal year 2003 by using the modified approach as allowed by GASB and defined in Statement No. 34. Fiscal year 2010 represented a full re-inventory and re-assessment of streets. The City hired an outside consultant to inventory, rate, and value its streets. All streets that were re-assessed were given a ranking of 1 – 5 with 5 being the best. The minimum threshold established by the City was a rating of 3. Of 306.38 miles of streets in the inventory, 6.20 miles fell below the minimum threshold and needing re-paving. An additional 6.34 miles of roadway were in need of some repair/patchwork. These roads have been identified to be addressed in the fiscal year 2011 budget.

In fiscal year 2010, some roadways, 1350.21 feet, that were previously designated as City maintained were determined to be otherwise and thus re-classified appropriately. Similarly, with the full reassessment of roadways, the City updated its database to include additional streets since the last full assessment, which approximated 14 miles. The City continues to evaluate its road inventory each year for accuracy.

The preservation of condition level estimates for streets is shown on page 78. This schedule shows the dollar estimate to improve those roads that are below an acceptable condition level and compares the estimate with the actual expenditures. Each year our Public Works Department obtains the list of 1 and 2 ratings and gives this list to the contractor who has been awarded the paving bid to establish the estimate. The estimate for fiscal year 2010 was different than the actual expenditures for two reasons: some roadways that were on the maintenance list were not paved and some roadways that were not on the maintenance list were paved. It is the City's intent to address the roads that were on the maintenance list and not paved in fiscal year 2011.

For the City's ten bridges, the ratings were from 1 – 10, with 10 being the best. The minimum threshold established for bridges was a rating of 5. No bridges had an overall rating below 5 in the current year assessment. The City added one bridge to its inventory in fiscal year 2011 for a total of eleven bridges.

Using the modified approach, the City capitalizes the estimated cost of its street and bridge systems, but does not report depreciation expense for those assets. Bridges are re-evaluated every two years. The ratings in this report reflect the 2010 evaluation.

Please refer to the Other Required Supplementary Information section, which begins on page 75, for more detail on this modified approach to infrastructure reporting.

Business-type activities increased its assets from expenses related to the 2007 sewer warrants. This was due to the completion of additional construction improvements at the Riverchase sewer system. The completion of the improvements resulted in adding almost \$2 million to improvements other than buildings. The overall net change with accumulated depreciation for the sewer system assets was a decrease of \$452,617.

Please refer to the Notes to the Financial Statements section on pages 59-60 for more detail on capital asset activity.

Debt Administration

As of the fiscal year end, the City of Hoover had \$84,370,000 of governmental debt and \$29,145,000 of business-type debt outstanding for the sewer enterprise fund. The City maintains an AA+ credit rating from Standard and Poor's Corporation and an Aa1 from Moody's Investors Services.

State statutes limit the amount of general obligation debt a governmental entity may issue to twenty percent (20%) of its total assessed valuation. The current constitutional debt limitation for the City of Hoover is \$341,446,447, which is significantly in excess of the City of Hoover's outstanding general obligation debt by \$257,076,447. Business-type debt is not calculated against this ratio.

Additional information on the City of Hoover's long-term debt can be found in note (3) beginning on page 61 of this report.,

ECONOMIC FACTORS

The Government's financial condition continues to be strong. Fiscal year 2010 began a slight recovery for the City after the economic downturn that began in fiscal year 2008. The City relies on taxes (sales and use, property, gross receipts, franchise, etc.), licenses and permits, intergovernmental revenue, fines and forfeits, charges for service, investment income, rents and royalties, contributions and reimbursements, and other revenue for their governmental activities. The primary source of revenue is sales tax.

As indicated previously, sales and use tax grew by 2.96% over the prior fiscal year from \$53,182,053 in fiscal year 2009 to \$54,755,461 in fiscal year 2010. However, despite this increase, the City continues to budget conservatively in order to weather any additional economic downturn that may occur. Our unreserved fund balance increased from \$39,823,597 to \$46,406,036, an addition of \$6,582,439. This increase substantiates the strength of the city's financial position. Again, management continues to address the downward trend in revenues by budgeting conservatively with level or below level allocations. For the sewer business-type activities, the user pays a fee or charge associated with the service in order to offset its costs. A rate study is currently underway and being considered in order to address the negative change in net assets for that enterprise fund.

The unemployment rate for the City of Hoover for 2010 was 5.9%, which increased slightly from 2009's number of 5.8%. However, it is still favorable compared to other government entities within the State of Alabama and nationally.

Overall, the City has weathered a significant downturn, but due to its conservative financial practices both in the past and currently, management expects to continue to weather any future economic slowdown and still remain financially sound. Overall, fiscal year 2010 was a good year for the City's finances.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City's Finance Director, Robert M. Yeager, at 100 Municipal Drive, Hoover, Alabama 35216.

BASIC FINANCIAL STATEMENTS

THE CITY OF HOOVER, ALABAMA
Statement of Net Assets
September 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Pooled cash and investments	\$ 59,834,129	\$ 6,379,104	\$ 66,213,233
Receivables:			
Taxes	5,545,572	-	5,545,572
Accounts	2,076,898	363,731	2,440,629
Statutory actuarial receivable	319,036	-	319,036
Due from other governments	86,678	-	86,678
Deferred charges (issuance costs)	71,626	24,618	96,244
Inventories	96,855	-	96,855
Prepaid items	60,811	-	60,811
Total current assets	<u>68,091,606</u>	<u>6,767,452</u>	<u>74,859,059</u>
Noncurrent assets			
Capital assets			
Depreciable:			
Buildings/improvements to buildings	98,151,596	26,626,760	124,778,356
Storm sewer inventory/drainage improvements	44,735,736	-	44,735,736
Equipment and vehicles	31,531,867	809,446	32,341,313
Improvements o/t buildings	16,493,806	21,229,830	37,723,637
Other infrastructure	6,827,626	23,990,497	30,818,123
Accumulated depreciation	(72,244,103)	(27,264,326)	(99,508,429)
Non-depreciable:			
Land	37,262,727	1,670,000	38,932,727
Streets and bridges	234,165,322	-	234,165,322
Construction in progress - street inventory	-	-	-
Construction in progress - other	678,054	-	678,054
Total capital assets, net of depreciation	<u>397,602,632</u>	<u>47,062,207</u>	<u>444,664,839</u>
Deferred charges (issuance costs)	396,966	334,595	731,562
Statutory actuarial receivable	1,093,151	-	1,093,151
Long-term receivables	234,581	-	234,581
Total noncurrent assets	<u>399,327,330</u>	<u>47,396,802</u>	<u>446,724,132</u>
Total assets	<u>\$ 467,418,937</u>	<u>\$ 54,164,254</u>	<u>\$ 521,583,191</u>
Liabilities			
Current liabilities payable from current assets			
Accounts payable and accrued liabilities	\$ 4,675,396	\$ 117,916	\$ 4,793,312
Interest payable	317,546	121,277	438,823
Unearned revenue	30,538	-	30,538
Refundable deposits	2,027	-	2,027
Internal payable	4,121	(4,121)	-
Current maturities of long-term liabilities:			
Bonds and warrants payable, net	5,142,599	901,754	6,044,353
Compensated absences	4,341,639	13,392	4,355,031
Claims payable opeb	78,107	-	78,107
Claims payable workers compensation	238,576	-	238,576
Claims payable property and casualty	475,015	-	475,015
Total current liabilities	<u>15,305,562</u>	<u>1,150,218</u>	<u>16,455,780</u>
Long-term liabilities			
Bonds and warrants payable, net	77,304,468	28,580,964	105,885,432
Compensated absences	5,916,063	12,792	5,928,855
Claims payable opeb	970,697	-	970,697
Claims payable workers compensation	1,138,528	-	1,138,528
Claims payable property and casualty	854,396	-	854,396
Total noncurrent liabilities	<u>86,184,152</u>	<u>28,593,756</u>	<u>114,777,908</u>
Total liabilities	<u>101,489,714</u>	<u>29,743,973</u>	<u>131,233,688</u>
Net assets			
Invested in capital assets, net of related debt	315,155,565	19,258,810	334,414,375
Restricted for:			
Capital projects	21,707,247	-	21,707,247
Public safety	1,506,840	-	1,506,840
Municipal court	1,340,680	-	1,340,680
Library	13	-	13
Recreation services	-	-	-
Highway and roadway improvements	3,273,995	-	3,273,995
Unrestricted	<u>22,944,883</u>	<u>5,161,471</u>	<u>28,106,354</u>
Total net assets	<u>\$ 365,929,222</u>	<u>\$ 24,420,281</u>	<u>\$ 390,349,503</u>

The accompanying notes are an integral part of these financial statements.

THE CITY OF HOOVER, ALABAMA
Statement of Activities
For the year ended September 30, 2010

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Functions							
Primary government							
Governmental activities							
General government	\$ 12,459,943	\$ 5,329,379	\$ 599,001	\$ -	\$ (6,531,563)	\$ -	\$ (6,531,563)
Public safety	42,186,343	4,907,942	1,207,884	-	(36,070,517)	-	(36,070,517)
Library	6,217,356	378,425	201,478	-	(5,637,453)	-	(5,637,453)
Municipal court	1,560,283	2,924,037	72,988	-	1,436,742	-	1,436,742
Sanitation	5,843,793	7,050	-	-	(5,836,743)	-	(5,836,743)
Education	2,000,000	-	-	-	(2,000,000)	-	(2,000,000)
Highway and roadway improvements	7,831,687	150,419	1,346,046	15,333,481	8,998,259	-	8,998,259
Recreation services	8,908,303	1,546,139	141,605	-	(7,220,559)	-	(7,220,559)
Health	268,098	1,000	-	-	(267,098)	-	(267,098)
Interest and fiscal charges	4,118,153	-	-	-	(4,118,153)	-	(4,118,153)
Total governmental activities	<u>91,393,959</u>	<u>15,244,391</u>	<u>3,569,003</u>	<u>15,333,481</u>	<u>(57,247,085)</u>	<u>-</u>	<u>(57,247,085)</u>
Business-type activities							
Sewer services	5,779,443	4,050,686	-	-	-	(1,728,757)	(1,728,757)
Total business-type activities	<u>5,779,443</u>	<u>4,050,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,728,757)</u>	<u>(1,728,757)</u>
Total primary government	<u>\$ 97,173,402</u>	<u>\$ 19,295,077</u>	<u>\$ 3,569,003</u>	<u>\$ 15,333,481</u>	<u>(57,247,085)</u>	<u>(1,728,757)</u>	<u>(58,975,842)</u>
General revenues							
Property tax					10,346,796	-	10,346,796
In lieu of property tax					-	-	-
Rental tax					766,826	-	766,826
Gross receipts tax					4,592,061	-	4,592,061
Sales and use tax					54,755,461	-	54,755,461
Other municipal tax					2,808,900	-	2,808,900
Franchise tax					905,611	-	905,611
Intergovernmental shared revenues without restrictions					2,517,021	-	2,517,021
Unrestricted investment income					1,776,945	8,352	1,785,297
Other revenue					175,059	-	175,059
Total general revenues					<u>78,644,681</u>	<u>8,352</u>	<u>78,653,033</u>
Change in net assets					21,397,596	(1,720,405)	19,677,191
Net assets at beginning of year					344,531,626	26,140,686	370,672,312
Net assets at end of year					<u>\$ 365,929,222</u>	<u>\$ 24,420,281</u>	<u>\$ 390,349,503</u>

The accompanying notes are an integral part of these financial statements.

THE CITY OF HOOVER, ALABAMA
Balance Sheet
Governmental Funds
September 30, 2010

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and investments	\$ 28,691,999	\$ 19,401,283	\$ 7,442,124	\$ 55,535,406
Receivables				
Taxes	4,572,821	-	972,752	5,545,572
Accounts	1,098,595	26,430	636,240	1,761,264
Due from other governments	771	-	85,907	86,678
Internal balances	311,782	-	-	311,782
Inventories	96,855	-	-	96,855
Prepaid items	7,743	-	-	7,743
Non-current receivable	234,581	-	-	234,581
	<u>\$ 35,015,146</u>	<u>\$ 19,427,713</u>	<u>\$ 9,137,023</u>	<u>\$ 63,579,882</u>
Liabilities and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 3,600,749	\$ 88,861	\$ 317,151	\$ 4,006,761
Deferred revenue	12,370	-	18,168	30,538
Internal balances	-	-	311,782	311,782
Refundable deposits	2,027	-	-	2,027
	<u>3,615,146</u>	<u>88,861</u>	<u>647,100</u>	<u>4,351,108</u>
Fund balances				
Reserved for non-current receivable	234,581	-	-	234,581
Reserved for inventory	96,855	-	-	96,855
Reserved for prepaid items	7,743	-	-	7,743
Reserved for capital projects	-	12,010,363	473,197	12,483,560
Unreserved				
General fund	31,060,821	-	-	31,060,821
Capital projects funds	-	7,328,489	-	7,328,489
Special revenue funds	-	-	8,016,726	8,016,726
	<u>31,400,000</u>	<u>19,338,852</u>	<u>8,489,923</u>	<u>59,228,774</u>
Total fund balances	<u>31,400,000</u>	<u>19,338,852</u>	<u>8,489,923</u>	<u>59,228,774</u>
Total liabilities and fund balances	<u>35,015,146</u>	<u>19,427,713</u>	<u>9,137,023</u>	<u>63,579,882</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	397,602,632
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	1,651,538
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(92,553,722)
Net assets of governmental activities	\$ 365,929,222

The accompanying notes are an integral part of these financial statements.

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended September 30, 2010

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 74,175,655	\$ -	\$ -	\$ 74,175,655
Licenses and permits	6,875,431	-	-	6,875,431
Intergovernmental	1,185,123	22,880	4,201,709	5,409,712
Fines and forfeits	1,828,929	25,775	2,199,633	4,054,336
Investment income	1,777,052	-	1,047	1,778,099
Rents and royalties	879,945	-	-	879,945
Contributions and reimbursements	1,041,763	8,560	10,931	1,061,255
Charges for services	1,698,856	-	1,734,169	3,433,024
Other	216,739	-	-	216,739
Total revenues	<u>89,679,493</u>	<u>57,215</u>	<u>8,147,489</u>	<u>97,884,197</u>
Expenditures				
Current operations				
General government	11,040,049	244,175	60,276	11,344,500
Public safety	36,477,402	42,147	4,531,637	41,051,186
Library	5,729,748	74,114	166,820	5,970,683
Municipal court	121,024	-	1,454,448	1,575,472
Sanitation	5,843,793	-	-	5,843,793
Education	2,000,000	-	-	2,000,000
Highway and roadway improvements	4,084,794	72,410	923,836	5,081,039
Recreation services	7,244,664	317,364	64,523	7,626,551
Health	262,444	-	-	262,444
Total	<u>72,803,917</u>	<u>750,209</u>	<u>7,201,540</u>	<u>80,755,666</u>
Capital outlays	51,064	1,290,192	1,158,868	2,500,123
Debt service:				
Principal	5,050,000	-	-	5,050,000
Interest	3,971,966	-	-	3,971,966
Fiscal agent fees	3,950	-	-	3,950
Total expenditures	<u>81,880,897</u>	<u>2,040,401</u>	<u>8,360,407</u>	<u>92,281,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,798,596</u>	<u>(1,983,186)</u>	<u>(212,918)</u>	<u>5,602,492</u>
Other financing sources (uses)				
Transfers in	19,537,761	6,088,461	2,471,103	28,097,325
Transfers out	<u>(27,236,357)</u>	<u>(860,515)</u>	<u>(453)</u>	<u>(28,097,325)</u>
Total other financing sources (uses)	<u>(7,698,596)</u>	<u>5,227,946</u>	<u>2,470,650</u>	<u>-</u>
Net change in fund balances	100,000	3,244,760	2,257,732	5,602,492
Fund balances, beginning of year	<u>31,300,000</u>	<u>16,094,092</u>	<u>6,232,191</u>	<u>53,626,283</u>
Fund balances, end of year	<u>\$ 31,400,000</u>	<u>\$ 19,338,852</u>	<u>\$ 8,489,923</u>	<u>\$ 59,228,774</u>

The accompanying notes are an integral part of these financial statements.

THE CITY OF HOOVER, ALABAMA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the year ended September 30, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 5,602,492

The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal debt payments	5,050,000
Amortization of bond issuance costs on 2003 issue	(43,798)
Amortization of bond issuance costs on 2004 issue	(30,315)
Amortization of debt discount on 2003 issue	(6,271)
Amortization of debt premium on 2004 issue	195,630
Amortization of deferred loss 2003 issue	(71,040)
Amortization of deferred loss 2004 issue	(277,080)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Outlays capitalized	1,012,897
Depreciation	(6,123,178)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Contribution of capital assets (includes accepted streets and donated items)	15,095,602
Removal of items that are not capital assets	(174,764)

Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The net effect of various transactions involving capital assets is to decrease net assets.

Cost of assets disposed	(186,040)
Accumulated depreciation of assets disposed	165,096

In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due.

16,523

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.

Accrued compensated absences	84,339
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Internal service funds are used by management to charge the costs of certain activities, such as health insurance, property & casualty, and workers compensation, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

1,087,502

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 21,397,596

The accompanying notes are an integral part of these financial statements.

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Fund
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ 70,674,000	\$ 74,549,905	\$ 74,175,655	\$ (374,250)
Licenses and permits	5,906,600	6,875,520	6,875,431	(89)
Intergovernmental	1,299,471	1,363,891	1,185,123	(178,768)
Fines and forfeits	1,749,000	1,831,348	1,828,929	(2,419)
Investment income	1,601,000	1,777,942	1,777,052	(890)
Rents and royalties	818,934	893,202	879,945	(13,257)
Contributions and reimbursements	1,065,687	1,183,044	1,041,763	(141,281)
Charges for services	1,431,200	1,688,555	1,698,856	10,301
Other	124,200	211,816	216,739	4,923
Total revenues	<u>84,670,092</u>	<u>90,375,223</u>	<u>89,679,493</u>	<u>(695,730)</u>
Expenditures				
Current operations				
General government	12,766,037	11,199,443	11,040,049	159,394
Public safety	36,622,118	36,906,674	36,477,402	429,272
Library	5,732,625	5,747,974	5,729,748	18,226
Municipal court	130,323	122,737	121,024	1,713
Sanitation	5,899,701	5,844,352	5,843,793	559
Education	2,000,000	2,000,000	2,000,000	-
Highway and roadway improvements	4,199,703	4,092,684	4,084,794	7,890
Recreation services	7,236,974	7,355,211	7,244,664	110,547
Health	270,913	264,075	262,444	1,631
Total	<u>74,858,394</u>	<u>73,533,150</u>	<u>72,803,917</u>	<u>729,233</u>
Capital outlays	26,812	56,812	51,064	5,748
Debt service:				
Principal	5,050,000	5,050,000	5,050,000	-
Interest	3,971,987	3,971,987	3,971,966	21
Fiscal agent fees	5,050	5,050	3,950	1,100
Total expenditures	<u>83,912,243</u>	<u>82,616,999</u>	<u>81,880,897</u>	<u>736,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>757,849</u>	<u>7,758,224</u>	<u>7,798,596</u>	<u>40,372</u>
Other financing sources (uses)				
Transfers in	21,930,136	20,963,101	19,537,761	(1,425,340)
Transfers out	<u>(22,687,985)</u>	<u>(28,621,325)</u>	<u>(27,236,357)</u>	<u>1,384,968</u>
Total other financing sources (uses)	<u>(757,849)</u>	<u>(7,658,224)</u>	<u>(7,698,596)</u>	<u>(40,372)</u>
Net change in fund balances	-	100,000	100,000	-
Fund balances, beginning of year	<u>31,300,000</u>	<u>31,300,000</u>	<u>31,300,000</u>	<u>-</u>
Fund balances, end of year	<u>\$ 31,300,000</u>	<u>\$ 31,400,000</u>	<u>\$ 31,400,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

THE CITY OF HOOVER, ALABAMA
Statement of Fund Net Assets
Proprietary Funds
September 30, 2010

	Business-type Activities - Enterprise Funds	Internal Service Funds
	Sewer	
Assets		
Current assets:		
Pooled cash and investments	\$ 6,379,104	\$ 4,298,723
Prepaid items	-	53,069
Internal balances	-	-
Accounts/stop loss receivable	363,731	315,634
Statutory actuarial receivable	-	319,036
Deferred charges (issuance costs)	24,618	-
Total current assets	6,767,452	4,986,462
Noncurrent assets:		
Capital assets		
Land	1,670,000	-
Construction in progress	-	-
Buildings/improvements to buildings	26,626,760	-
Equipment and vehicles	809,446	-
Improvements o/t buildings	21,229,830	-
Infrastructure improvements	23,990,497	-
Less accumulated depreciation	(27,264,326)	-
Total capital assets (net of accumulated depreciation)	47,062,207	-
Deferred charges (issuance costs)	334,595	-
Statutory actuarial receivable	-	1,093,151
Total noncurrent assets	47,396,802	1,093,151
Total assets	\$ 54,164,254	\$ 6,079,613
Liabilities		
Current liabilities:		
General obligation warrants payable	\$ 901,754	\$ -
Accounts payable	70,652	19,645
Retainage payable	44,434	-
Accrued salary expense	2,830	648,990
Interest payable	121,277	-
Claims payable	-	791,698
Compensated absences	13,392	-
Internal balances	-	-
Total current liabilities	1,154,339	1,460,333
Noncurrent liabilities:		
Compensated absences	12,792	-
Claims payable	-	2,963,621
General obligation warrants payable	28,580,964	-
Total noncurrent liabilities	28,593,756	2,963,621
Total liabilities	29,748,095	4,423,954
Net assets		
Investment in capital assets, net of related debt	19,258,810	-
Unrestricted	5,157,350	1,655,659
Total net assets	\$ 24,416,160	\$ 1,655,659
Some amounts reported for <i>business-type activities</i> in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities.		
	4,121	
Net assets of business-type activities	\$ 24,420,281	

The accompanying notes are an integral part of these financial statements.

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the year ended September 30, 2010

	Business-type Activities - Enterprise Funds	Internal Service Funds
	Sewer	
Operating revenues		
Charges for services	\$ 4,050,686	\$ 8,131,527
Participant premiums	-	1,534,217
Late fees	-	-
Stop loss reimbursements	-	1,244,637
Subrogation recoveries	-	49,852
Public assistance reimbursements	-	1,404
Rebates or refunds	-	127,596
Other revenue	-	353
Total operating revenue	4,050,686	11,089,585
Operating expenses		
Costs of services	-	9,345,828
Collection fees	193,940	-
Depreciation	2,417,581	-
Management fees	984,169	-
Personal services	114,235	-
Repairs and maintenance	281,421	-
Supplies	186,150	-
Telephone	17,129	-
Utilities	436,490	-
Total operating expenses	4,631,115	9,345,828
Operating income (loss)	(580,429)	1,743,756
Non-operating revenues (expenses)		
Investment earnings	8,352	-
Actuarial adjustment	-	(654,451)
Interest and fiscal charges	(1,150,132)	-
Total non-operating revenues (expenses)	(1,141,780)	(654,451)
Change in net assets	(1,722,209)	1,089,305
Net assets, beginning of year	26,138,368	566,354
Net assets, end of year	\$ 24,416,160	\$ 1,655,659
Some amounts reported for <i>business-type activities</i> in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.	1,803	
Change in net assets of business-type activities	\$ (1,720,405)	

The accompanying notes are an integral part of these financial statements.

THE CITY OF HOOVER, ALABAMA
Statement of Cash Flows
Proprietary Funds
For the year ended September 30, 2010

	Business-type Activities - Enterprise Funds	Internal Service Funds
	Sewer	
Cash flows from operating activities		
Cash received from government	\$ -	\$ 8,131,527
Cash received from customers	4,052,721	-
Cash payments to suppliers	(1,083,662)	(9,417,864)
Cash received from stop loss reimbursements	-	1,017,160
Cash received from subrogation	-	49,852
Cash received from rebates/overpayments	-	127,596
Cash received from public assistance reimbursements	-	1,534,217
Cash received from participants	-	1,404
Cash payments to management companies	(984,169)	-
Cash payments to employees	(116,130)	-
Other cash receipts	-	353
Net cash provided (used) by operating activities	1,868,759	1,444,244
Cash flows from noncapital financing activities		
Transfer to other funds	-	16,753
Transfer from other funds	-	(16,753)
Net cash provided (used) by noncapital financing activities	-	-
Cash flows from capital and related financing activities		
Proceeds from capital debt	-	-
Premium on debt	-	-
Debt issuance cost	-	-
Acquisition and construction of capital assets	(1,892,386)	-
Payments of warrants	(850,000)	-
Cash paid for interest on debt	(1,290,699)	-
Net cash provided (used) by capital and related financing activities	(4,033,085)	-
Cash flows from investing activities		
Interest and dividends received	8,352	-
Net cash provided (used) by investing activities	8,352	-
Net increase (decrease) in pooled cash and investments	(2,155,974)	1,444,244
Pooled cash and investments, beginning of year	8,535,078	2,854,479
Pooled cash and investments, end of year	\$ 6,379,104	\$ 4,298,723
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ (580,429)	\$ 1,743,756
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	2,417,581	-
(Increase) decrease in accounts receivable	2,035	(227,477)
Increase (decrease) in accounts payable and accrued expenses	31,698	(73,379)
Increase (decrease) in compensated absences payable	(2,126)	1,343
Total adjustments	2,449,188	(299,512)
Net cash provided by operating activities	\$ 1,868,759	\$ 1,444,244

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Statement

The City of Hoover (the "City") was formed on May 18, 1967, and is governed by a mayor and seven-member city council.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, for the governmental and business type activities and enterprise funds. The more significant accounting policies of the City are described below.

B. Financial Reporting Entity

As required by the accounting principles generally accepted in the United States, these financial statements present the primary government and entities for which the government is considered to be financially accountable. Upon review it has been determined that the City has no component units.

C. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements:

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the City. The effect of interfund activity within the governmental and business-type activities columns, has been removed from these statements. Whereas direct services provided and used in this consolidation are not eliminated, indirect expenses are. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

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

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Basis of Presentation (Continued)

Major Governmental Funds:

General Fund -

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Capital Projects Fund -

The Capital Projects fund is used to account for budgeted transfers from the General Fund generally for the acquisition or construction of major capital projects or other major capital items.

Non-Major Governmental Fund Types (Other Governmental Funds):

Special Revenue Funds -

The Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects).

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. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements.

Other Capital Projects Fund -

This fund accounts for engineering and construction costs that are related to capital expenditures that are reimbursed by other governmental agencies.

Proprietary Funds:

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income and changes in net assets, financial position, and cash flow. All assets and liabilities are included on the Statement of Net Assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Sewer Fund -

The Sewer Fund is used to account for the provision of sewer services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the sewer system and billing and collection activities. The fund also accounts for the accumulation of resources and the payment of long-term debt principal and interest of sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Basis of Presentation (Continued)

Internal Service Funds -

Internal service funds are used to account for the financing of goods or services to other funds and departments of the primary government on a cost-reimbursement basis.

The Health Insurance Funds are used to account for all health and dental insurance related costs for employees and retirees, including those participating in cobra. In fiscal year 2009, with the implementation of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, we separated these into two funds, in order to separate active employees from retirees.

The Workers Compensation Fund is used to account for all workers compensation related expenses that occur within the governmental entity.

The Property & Casualty Fund is used to account for all such loss expenses that occur within the governmental entity.

D. 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 measurement, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

The government-wide statement of activities reflects both the gross and net cost per functional category (general government, education, public safety, etc.) that are otherwise being supported by general government revenues (property and sales taxes, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function or a business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants and contributions.

Governmental fund financial statements are reported 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 they become both 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 be used to pay liabilities of the current period. In general, the City considers revenues as available, if they are collected within 60 days after year-end. However, for expenditure driven grants, a longer availability period is used for recognition of related revenues. With regard to expenditures, they are normally recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Measurement Focus/Basis of Accounting (Continued)

The revenues susceptible to accrual are sales taxes, property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Property values are assessed and property taxes attach as an enforceable lien on property as of October 1 of each fiscal year. The property taxes are due and payable October 1 of the subsequent fiscal year and are delinquent on January 1.

E. Budgetary Information

Although not required by State or local law, annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, all special revenue funds, and all capital project funds on the modified accrual basis of accounting.

All annual appropriations lapse at fiscal year end, except for the capital project funds. Instead, because project-length financial plans are adopted for all capital project funds, the balance of the initial appropriation carries over to the subsequent fiscal year(s) as needed until the project is completed. As a result, capital project fund budgets are included in the annual budget, but they are budgeted for the entire length of the project.

The City normally follows the procedures set forth below in establishing the budgetary data reflected in the fund financial statements:

1. Prior to July 1, all departments of the City submit requests for appropriation to the City's Finance Director so that a budget may be prepared. A budget worksheet is prepared by fund, category, and function and includes annual information on previous years, current estimates, and requested appropriations for the next
2. Prior to October 1, the Mayor submits the proposed budget to the City Council for the next fiscal year.
3. The City Council holds public hearings and may add to, subtract from, or change appropriations. Any changes in the budget must be within the revenues and reserves estimated, as available by the Finance Director.
4. Expenditures may not legally exceed budgeted appropriations at the fund/category level. Management may not amend or transfer appropriations within the budget at or above the fund/category level without the approval of the City Council, except for project budgets. The City Council may legally amend the budget at any time during the fiscal year.

The City Council made several supplemental budgetary appropriations throughout the year. These supplemental appropriations are reflected in the budget information of these financial statements.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process for the primary government during the year.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Deposits and Investments

The primary government maintains a cash management system in which substantially all cash is held in a bank public funds investment account. The primary government generally follows the practice of pooling cash of all funds within this investment account in order to maximize return. Interest is allocated to the State Drug Enforcement Fund, Federal Department of Justice Drug Fund, certain grants within the General Grant Fund, and the Sewer Enterprise Fund based on the balances held in those funds. It is the primary government's policy to prohibit individual funds from making disbursements in excess of their balance in the pooled cash and investments account.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

At year end, the bank balance of the City's operating funds was either covered by federal depository insurance or secured by collateral through the Alabama State Treasury's Security for Alabama Funds Enhancement (SAFE) Program. Under the SAFE program, the City's funds are protected through a collateral pool administered by the Alabama State Treasury. Certain banks holding deposits belonging to the state, counties, cities or agencies of any of these entities must pledge securities as collateral against these deposits. In the event of the failure of a bank, securities pledged by that bank would be liquidated by the State Treasurer to replace the public deposits. If the securities pledged failed to produce adequate funds for that purpose, every bank participating in the pool would share the liability for the remaining balance. At September 30, 2010, most all of the City's depositories are participating in the SAFE program, with a bank balance of \$12,436,819 and a carrying balance of \$10,581,913.

All investments are reported at fair value in accordance with GASB Statement No. 31.

As of September 30, 2010, the City had the following investments and maturities.

	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-2	3-5	6-9
Repurchase agreements	\$ 1,621,155	\$ 1,621,155	\$ -	\$ -	\$ -
Money market accounts	21,052	21,052	-	-	-
Certificates of Deposit	-	-	-	-	-
U.S. Government Agencies:					
Federal Farm Credit Bank	4,996,955	-	-	4,996,955	-
Federal Home Loan Bank	5,299,899	-	-	3,043,185	2,256,714
Federal Home Loan Mortgage Corp	26,537,038	-	-	26,013,788	523,250
Federal National Mortgage Association	16,826,774	-	-	16,826,774	-
Total U.S. government agencies	53,660,666	-	-	50,880,701	2,779,964
Grand total all investments	\$ 55,302,873	\$ 1,642,207	\$ -	\$ 50,880,701	\$ 2,779,964

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from the rising interest rates, the City's investment policy restricts investments to not exceed 10 years, as well as restricts the average life of mortgage backed securities to not exceed 5 years.

Credit Risk. State statutes authorize the City to invest in obligations of the U.S. Treasury, U.S. Government Agencies, U.S. corporate debt, U.S. corporate equities, State of Alabama obligations, county obligations, and other municipal obligations, as well as bank certificates of deposit and bank public fund investment accounts. However, the City's investment policy prohibits investment in U.S. corporate debt and equities. All applicable investments have a AAA rating by Standard & Poor's and Aaa by Moody's Investor Service.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the investments of the City are held in safekeeping in the name of the City with the Federal Reserve Bank of Atlanta and the Depository Trust Company.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Deposits and Investments (continued)

Repurchase Agreement. The City entered into a repurchase agreement with First National Banker's Bank (FNBB) on 9/30/2010 to purchase a Federal National Mortgage Association (FNMA) note, maturity date 3/10/2016, face value \$2,000,000 and fair value \$1,994,000. FNBB agreed to repurchase the investment on 10/07/2010 for \$1,621,210.

G. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. Prepaids are presented using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

H. Inventories

Inventories consist of supplies held for consumption and are recorded at cost.

I. Reservation of Fund Balance

Non-current receivables have been reserved because the amount is not expected to mature in the current fiscal year. The City records the non-current receivable as a result of a 1987 agreement in which the cost of certain capital outlays is being recovered through the collection of sewer tap fees. The receivable is guaranteed by a real estate developer (including interest at 7.25%) and is collectible over a period of at least 30 years.

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Internal Balances." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net assets. The only interfund balances that remain on the government-wide statement of net assets are those between governmental and business-type activities. These amounts are reflected as "Internal Payables."

K. Accrued Compensated Leave

It is the City's policy to permit employees to accumulate earned but unused annual/vacation leave, bonus leave, compensated time leave, and reserve/sick pay leave benefits. Leave pay is accrued when incurred in the proprietary funds and reported as a fund liability. The accrued compensated leave liability is not expected to be liquidated with current financial resources in the governmental funds and thus no liability is recorded. As a result, compensated absences are reported in governmental funds only if they have matured. This liability is accrued when presented at the government-wide level. Related payroll taxes are included in the accrued compensated leave account.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

- Invested in Capital Assets, Net of Related Debt - This amount of capital assets is net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.
- Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

(2) CAPITAL ASSETS

A. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (roads, bridges, sidewalks, and similar items), and other improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. The City has chosen the modified approach for reporting the streets and bridges subsystem of infrastructure capital assets.

Capitalized assets have an original cost of \$10,000 or more and have a multi-year useful life. Depreciation has been calculated on each class of depreciable property using the straight-line half year convention method.

Estimated useful lives are as follows:

Buildings and capital facilities	25 - 50 years
Furniture, equipment, and vehicles	3 - 15 years
Improvements	25 - 50 years
Other infrastructure	25 - 50 years

The City elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its streets system. The City commissioned a physical condition re-assessment of its streets in October 2010. Using this approach, the City capitalizes the cost of its street system but does not report depreciation expense for those assets. Instead, the City reports all street system maintenance expenditures as expenses in the period incurred unless those expenditures improve the street's original condition or add to its capacity. These additions or improvements are not expensed but are added to the historical cost of the assets. The City uses an asset management system to provide an up-to-date inventory of its streets and perform condition assessments on the street pavement for all roads at least once every three years, and estimate an annual amount needed to maintain the streets at a specified condition level. The City's asset management system is discussed in Required Supplementary Information, immediately following these notes.

For proprietary activities, interest expense on tax-exempt warrants and bonds, net of interest income on related debt proceeds are capitalized during the project development period through the date of full availability. Only interest associated specifically with debt used to construct physical structures is capitalized. Total interest capitalized for the fiscal year was \$72,578.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(2) CAPITAL ASSETS (CONTINUED)

	Balance Beginning of Year	Classification Reclasses	Adjusted Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities						
Capital assets not being depreciated						
Land	\$ 36,908,766	\$ -	\$ 36,908,766	\$ 353,961	\$ -	\$ 37,262,727
Construction in progress	1,035,327	-	1,035,327	85,222	(442,495)	678,054
Infrastructure:						
Street system inventory	211,570,368	-	211,570,368	18,724,677	(173,264)	230,121,781
Street system inventory - cip	4,027,895	-	4,027,895	-	(4,027,895)	-
Bridges inventory	3,660,821	-	3,660,821	382,720	-	4,043,541
Total capital assets not being depreciated	<u>257,203,177</u>	<u>-</u>	<u>257,203,177</u>	<u>19,546,580</u>	<u>(4,643,654)</u>	<u>272,106,103</u>
Other capital assets						
Buildings/improvements to buildings	97,820,065	48,907	97,868,972	282,624	-	98,151,596
Storm sewer inventory/drainage improvements	44,735,736	-	44,735,736	-	-	44,735,736
Equipment and vehicles	31,539,936	-	31,539,936	177,970	(186,040)	31,531,867
Improvements o/t buildings	16,398,838	-	16,398,838	94,969	-	16,493,806
Other infrastructure	6,401,287	(48,907)	6,352,380	475,246	-	6,827,626.49
Total other capital assets at historical cost	<u>196,895,863</u>	<u>-</u>	<u>196,895,863</u>	<u>1,030,809</u>	<u>(186,040)</u>	<u>197,740,632</u>
Less accumulated depreciation for						
Buildings and capital facilities	15,847,177	-	15,847,177	2,007,991	-	17,855,168
Storm sewer inventory/drainage improvements	21,940,810	-	21,940,810	816,642	-	22,757,452
Equipment and vehicles	21,837,820	-	21,837,820	2,524,940	(165,096)	24,197,664
Improvements o/t buildings	5,468,395	-	5,468,395	555,308	-	6,023,703
Other infrastructure	1,191,819	-	1,191,819	218,298	-	1,410,116
Total accumulated depreciation	<u>66,286,020</u>	<u>-</u>	<u>66,286,020</u>	<u>6,123,178</u>	<u>(165,096)</u>	<u>72,244,103</u>
Other capital assets, net	<u>130,609,842</u>	<u>-</u>	<u>130,609,842</u>	<u>(5,092,369)</u>	<u>(20,944)</u>	<u>125,496,529</u>
Governmental activities capital assets, net	<u>\$ 387,813,019</u>	<u>\$ -</u>	<u>\$ 387,813,019</u>	<u>\$ 14,454,211</u>	<u>\$ (4,664,598)</u>	<u>\$ 397,602,632</u>
Business Type Activities - Sewer Fund						
Capital assets not being depreciated						
Land	\$ 1,670,000	\$ -	\$ 1,670,000	\$ -	\$ -	\$ 1,670,000
Construction in progress	227,174	(227,174)	-	-	-	-
Total capital assets not being depreciated	<u>1,897,174</u>	<u>(227,174)</u>	<u>1,670,000</u>	<u>-</u>	<u>-</u>	<u>1,670,000</u>
Other capital assets						
Buildings/improvements to buildings	26,626,760	-	26,626,760	-	-	26,626,760
Equipment and vehicles	809,446	-	809,446	-	-	809,446
Improvements o/t buildings	19,037,692	227,174	19,264,866	1,964,964	-	21,229,830
Infrastructure improvements	23,990,497	-	23,990,497	-	-	23,990,497
Total other capital assets at historical cost	<u>70,464,394</u>	<u>227,174</u>	<u>70,691,569</u>	<u>1,964,964</u>	<u>-</u>	<u>72,656,533</u>
Less accumulated depreciation for						
Buildings/improvements to buildings	10,003,058	-	10,003,058	517,610	-	10,520,668
Equipment and vehicles	661,711	-	661,711	31,276	-	692,987
Improvements o/t buildings	2,960,588	-	2,960,588	1,346,339	-	4,306,927
Infrastructure improvements	11,221,389	-	11,221,389	522,355	-	11,743,744
Total accumulated depreciation	<u>24,846,745</u>	<u>-</u>	<u>24,846,745</u>	<u>2,417,581</u>	<u>-</u>	<u>27,264,326</u>
Other capital assets, net	<u>45,617,649</u>	<u>227,174</u>	<u>45,844,824</u>	<u>(452,617)</u>	<u>-</u>	<u>45,392,207</u>
Business-type activities capital assets, net	<u>\$ 47,514,823</u>	<u>\$ -</u>	<u>\$ 47,514,823</u>	<u>\$ (452,617)</u>	<u>\$ -</u>	<u>\$ 47,062,207</u>

Depreciation expense was charged as a direct expense to programs of the primary government as follows:

Governmental activities:	
General government and administration	\$ 1,257,744
Public safety	1,919,724
Library	279,422
Municipal court	2,894
Highway and roadway improvements	1,267,637
Recreational services	1,390,495
Health	5,262
Total depreciation expense - Governmental activities	<u>\$ 6,123,178</u>
Business-type activities:	
Sewer services	\$ 2,417,581
Total depreciation expense - Business-type activities	<u>\$ 2,417,581</u>

Depreciation is based on a 1/2 year convention for governmental and business-type activities.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(3) LONG-TERM DEBT:

The City issues general obligation warrants to provide funds for the acquisition and construction of major capital facilities. General obligation warrants have been issued for both general government and proprietary activities. The City is in compliance with all significant limitations and restrictions contained in the ordinances authorizing the issuance of general obligation warrants.

General obligation warrants are direct obligations and pledge the full faith and credit of the City. Debt service for the warrants is provided by tax revenues of the City's General Fund and by charges for services of the City's Sewer Enterprise Fund. These warrants generally are issued as 20-year serial warrants with increasing amounts of principal maturing and decreasing amounts of interest payable each year. However, the sewer general obligation warrants were issued as 30-year warrants.

At September 30, 2010, bonds payable consisted of the following individual issues:

	<u>Governmental</u>	<u>Business-type</u>
\$78,330,000 general obligation warrants dated January 1, 2003; due \$2,865,000 to \$8,840,000 annually beginning March 1, 2003; interest at 2.00% to 4.80% due semiannually commencing March 1, 2003	56,645,000	-
\$29,165,000 general obligation warrants dated December 22, 2004; due \$540,000 to \$5,505,000 annually beginning March 1, 2005; interest at 3.00% to 5.00% due semiannually commencing March 1, 2005	27,725,000	-
\$8,505,000 series 1999 general obligation sewer warrant; due \$300,000 to \$580,000 annually beginning February 15, 2001; interest at 2.00% due semiannually commencing February 15, 2001	-	4,990,000
\$9,565,000 series 2000 general obligation sewer warrant; due \$325,000 to \$675,000 annually beginning February 15, 2002; interest at 2.00% due semiannually commencing August 15, 2001	-	6,155,000
\$18,000,000 series 2007 general obligation sewer warrant; due \$70,000 to \$1,580,000 annually beginning March 1, 2021; interest at 4.125% to 5.0% due semiannually commencing March 1, 2008	-	18,000,000
Total Bonds Payable	<u>\$ 84,370,000</u>	<u>\$ 29,145,000</u>
Less deferred amounts:		
For issue discounts (2003)	(49,507)	-
For issue premiums (2004)	792,522	-
For issue premiums (2007)	-	337,717
For deferred loss on refunding (2003)	(657,117)	-
For deferred loss on refunding (2004)	(2,008,831)	-
Total Bonds Payable, net	<u><u>\$ 82,447,067</u></u>	<u><u>\$ 29,482,717</u></u>

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(3) LONG-TERM DEBT (CONTINUED):

Changes in Long-term Liabilities

	Balance October 1, 2009	Additions	Reductions	Balance September 30, 2010	Due within one year
Governmental activities					
Bonds payable	\$ 89,420,000	\$ -	\$ (5,050,000)	\$ 84,370,000	\$ 5,305,000
Less deferred amounts:					
For issue discounts (2003)	(55,778)	-	6,271	(49,507)	(6,001)
For issue premiums (2004)	988,152	-	(195,630)	792,522	191,720
For deferred loss on refunding (2003)	(728,156)	-	71,040	(657,117)	(71,040)
For deferred loss on refunding (2004)	(2,285,911)	-	277,080	(2,008,831)	(277,080)
Bonds and warrants payable, net	87,338,307	-	(4,891,240)	82,447,067	5,142,599
For bond issuance costs (2003)	(389,581)	-	43,798	(345,783)	(41,917)
For bond issuance costs (2004)	(153,123)	-	30,315	(122,809)	(29,709)
Deferred asset charges	(542,704)	-	74,112	(468,592)	(71,626)
Bonds payable, net of assets	86,795,603	-	(4,817,128)	81,978,475	5,070,973
Compensated absences	10,342,040	4,050,555	(4,134,894)	10,257,701	4,341,639
Internal service funds					
Claims payable - other post employment benefits	\$ 422,895	\$ 704,016	\$ (78,107)	1,048,804	78,107
Claims payable - workers compensation	1,055,801	1,259,159	(937,856)	1,377,104	238,576
Claims payable - property & casualty	1,257,476	1,160,612	(1,088,677)	1,329,411	475,015
Total claims payable	2,736,172	3,123,787	(2,104,640)	3,755,319	791,698
Total governmental activities	<u>\$ 99,873,815</u>	<u>\$ 7,174,342</u>	<u>\$ (11,056,662)</u>	<u>\$ 95,991,495</u>	<u>\$ 10,204,310</u>
Business-type activities - sewer					
Bonds payable	\$ 29,995,000	\$ -	\$ (850,000)	\$ 29,145,000	\$ 885,000
Less deferred amounts:					
For issue premiums (2007)	354,471	-	(16,754)	337,717	16,754
Bonds and warrants payable, net	30,349,471	-	(866,754)	29,482,717	901,754
For state revolving loan issuance costs (1999)	(67,225)	-	6,612	(60,613)	(6,612)
For state revolving loan issuance costs (2000)	(84,334)	-	7,028	(77,306)	(7,028)
For bond issuance costs (2007)	(232,273)	-	10,978	(221,295)	(10,978)
Deferred asset charges	(383,831)	-	24,618	(359,213)	(24,618)
Compensated absences	28,311	10,629	(12,755)	26,185	13,392
Total proprietary fund types	<u>\$ 29,993,950</u>	<u>\$ 10,629</u>	<u>\$ (854,890)</u>	<u>\$ 29,149,689</u>	<u>\$ 890,528</u>

Compensated absences include estimated pay with associated medicare (1.45%) and social security (6.2%)

Due within one year includes above FY 2010 reduction amount plus increase of 5% over previous year due to anticipated retirements.

The general fund, some special revenue funds, and the sewer enterprise fund are used to liquidate the liability for compensated absences each year.

For the internal service funds, claims and judgments due within one year are based on an actuarial evaluation undertaken for the fiscal year.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(3) LONG-TERM DEBT (CONTINUED):

Annual debt service requirements to maturity for general obligation warrants (including interest) at September 30, 2010 are as follows:

Year Ending September 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2011	5,305,000	3,719,481	885,000	1,257,661	11,167,142
2012	5,525,000	3,500,853	915,000	1,224,525	11,165,378
2013	5,760,000	3,259,350	950,000	1,190,190	11,159,540
2014	6,015,000	3,003,835	985,000	1,154,560	11,158,395
2015	6,285,000	2,740,070	1,025,000	1,117,548	11,167,618
2016	6,565,000	2,457,595	1,060,000	1,079,153	11,161,748
2017	8,595,000	2,089,228	1,100,000	1,039,375	12,823,603
2018	7,330,000	1,716,220	1,140,000	998,119	11,184,339
2019	7,670,000	1,378,720	1,185,000	955,288	11,189,008
2020	8,045,000	1,005,020	1,225,000	910,890	11,185,910
2021	8,435,000	614,108	745,000	873,860	10,667,968
2022	8,840,000	212,160	775,000	843,412	10,670,572
2023	-	-	810,000	810,215	1,620,215
2024	-	-	845,000	775,046	1,620,046
2025	-	-	880,000	738,170	1,618,170
2026	-	-	920,000	699,125	1,619,125
2027	-	-	960,000	658,000	1,618,000
2028	-	-	1,005,000	611,875	1,616,875
2029	-	-	1,060,000	560,250	1,620,250
2030	-	-	1,115,000	505,875	1,620,875
2031	-	-	1,170,000	448,750	1,618,750
2032	-	-	1,230,000	388,750	1,618,750
2033	-	-	1,290,000	325,750	1,615,750
2034	-	-	1,360,000	259,500	1,619,500
2035	-	-	1,430,000	189,750	1,619,750
2036	-	-	1,500,000	116,500	1,616,500
2037	-	-	1,580,000	39,500	1,619,500
Total	<u>\$ 84,370,000</u>	<u>\$ 25,696,638</u>	<u>\$ 29,145,000</u>	<u>\$ 19,771,636</u>	<u>\$ 158,983,274</u>

On December 22, 2004, the City issued \$31,099,793 (includes bond proceeds and original issue premium) of General Obligation Warrants, all of which were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments through 2017 of the 1995 Aldridge warrant (\$1,700,000 principal) and the Series 2000A (\$25,485,000 principal) warrant issues. As a result, the refunded bonds are considered to be defeased and the liability has been removed. This advanced refunding undertaken decreased total debt service payments over the next 20 years by a cash benefit of approximately \$1,885,809 and obtained an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of approximately \$1,424,085. Prior to fiscal year 2010, the Aldridge warrant had been paid. On January 1, 2010, the Series 2000A warrant was called.

Subsequent Event:

On November 1, 2010, the city issued warrants for the purpose of (i) advance refunding the City's General Obligation Warrants dated January 1, 2003, issued in the aggregate principal amount of \$78,330,000 and outstanding in the aggregate principal amount of \$56,645,000, (ii) providing a portion of the cost of capital improvements including the purchase of City vehicles (\$3,619,568) and (iii) paying the issuance costs of the Warrants. The 2010 warrants have a 12 year amortization and a principal amount of \$58,510,000.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(4) LEASES:

On April 7, 1988, the Parks and Recreation Board entered into a ten-year lease and management agreement to lease the Hoover Metropolitan Stadium to a professional baseball club. The lease and management agreements were re-negotiated and amended on March 14, 1991, after the baseball club underwent a change in ownership. On January 1, 1996, the lease and management agreements were again re-negotiated, with the result being a new stadium lease agreement and an "other events" supplemental agreement. The current stadium lease agreement is in effect from January 1, 2010 through December 31, 2015. The stadium lease amount is to be adjusted once every five years based upon changes in the cost-of-living index. Total revenue under the lease and management agreement for the fiscal year ended September 30, 2010 was \$252,752. For fiscal year 2011, this amount will increase to \$283,588.

Below is a summary of the Hoover Metropolitan Stadium original cost, carrying value, and current depreciation:

Cost of Leased Asset	Carrying Value	Depreciation thru 9/30/10
\$ 17,947,287	\$ 13,250,136	\$ 4,697,152

(5) INTERNAL BALANCES:

Internal Balances represent short-term loans to help supplement various funds. At September 30, 2010, the outstanding internal balances were as follows:

Fund	Internal Balances Due To	Internal Balances Due From
General Fund	\$ 311,782	\$ -
Internal Service Funds	-	-
Non-Major Govt Funds	-	311,782
Total	\$ 311,782	\$ 311,782

(6) INTERFUND TRANSFERS:

Interfund transfers during the year ended September 30, 2010 were as follows:

(Transfers out)	Transfers in			Total
	General Fund	Capital Projects Fund	Non-Major Governmental Fund	
General Fund	\$ (7,699,049)	\$ 6,088,461	\$ 1,610,588	\$ -
Capital Projects Fund	-	(860,515)	860,515	-
Non-Major Govt Funds	453	-	(453)	-
Total	\$ (7,698,596)	\$ 5,227,946	\$ 2,470,650	\$ -

Transfers are primarily used to move funds from the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfers for fiscal year 2010 were as follows: \$ 96,776 - E911 fund, \$1,227,736 - Court and Corrections fund, \$286,076 - General Grants fund, \$6,088,461 - Capital Projects fund, which totaled \$7,699,049 in transfers from the general fund. In addition, \$ 453 was transferred from Other Governmental funds, specifically the General Grants fund, to the General Fund to close out a project. Finally, \$860,515 was transferred from the Capital Projects fund to the Court and Corrections fund.

In addition, to facilitate financial recordkeeping, multiple funds roll into the General Fund, which is why transfers in and out of the General Fund are shown in the statements, but here the figure is netted.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(7) EMPLOYEE RETIREMENT PLAN:

Plan Description:

The City's defined benefit pension plan, Employees' Retirement System of Alabama (the "System"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System is an agent multiple-employer pension plan. The benefit provisions and all other requirements for the System are established by state statute. The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to The Retirement Systems of Alabama, P.O. Box 302150, Montgomery, Alabama 36132-2150 or by calling 1-877-517-0020.

Funding Policy:

For the fiscal year 2010, the member contribution rate for state correctional officers, certified full-time firefighters, and certified full-time law enforcement officers remains at 6% of employee's compensation. Regular member contributions remain at 5% of employee compensation. The City is required to contribute at an actuarially determined rate, which is currently 11.81% (fiscal year 2011) of annual covered payroll. This rate increased over the 11.27% rate in effect for fiscal year 2010. The contribution requirements of plan members and the City are established and may be amended by the ERSA Board of Control.

Annual Pension Cost:

For fiscal year 2009, the City's annual pension cost of \$3,769,179 for the System was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on investments of 8% compounded annually, (b) projected annual salary increases of 4.61% - 7.75% per year compounded annually. Both (a) and (b) include an inflation component of 4.5%.

The actuarial value of the System 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 System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2009 was 27 years.

Three-Year Trend Information for the System

Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
9/30/2007	3,176,035	100.00%	-
9/30/2008	3,573,275	100.00%	-
9/30/2009	3,769,179	100.00%	-

Schedule of Funding Progress for the Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
9/30/2004	61,208,949	76,764,919	15,555,970	79.7%	30,979,612	50.2%
9/30/2005	68,286,896	92,577,850	24,290,954	73.8%	35,347,498	68.7%
9/30/2006	75,660,134	102,078,546	26,418,411	74.1%	36,228,064	72.9%
9/30/2007	85,529,870	118,279,380	32,749,509	72.3%	37,797,690	86.6%
9/30/2008	92,379,624	129,996,614	37,616,990	71.1%	39,860,394	94.4%
9/30/2009	96,969,118	141,225,527	44,256,409	68.7%	39,390,932	112.4%

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
Fiscal Year Ended September 30, 2010

(8) POST-EMPLOYMENT BENEFITS

Plan Description. The City of Hoover's medical and dental benefits are provided through a comprehensive self-insured medical benefit plan.

The plan provisions are contained in the official plan documents. Medical and dental benefits are provided to employees upon actual retirement. The earliest retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 25 years of service; or, age 60 and 10 years of service.

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

Fund Policy. Until Fiscal Year Ending September 30, 2008, the City of Hoover recognized the cost of providing post-employment medical benefits (the City of Hoover's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning October 1, 2008, the City of Hoover implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs.

In Fiscal Year Ending September 30, 2010, the City of Hoover's portion of health care funding cost for retired employees totaled \$78,107. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table on the following page.

Annual Required Contribution. The City of Hoover's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning October 1, 2009 is \$711,556, as set forth below:

		Medical
Normal Cost	\$	326,692
30-year UAL amortization amount		384,864
Annual required contribution (ARC)	\$	711,556

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
Fiscal Year Ended September 30, 2010

(8) POST-EMPLOYMENT BENEFITS (CONTINUED)

Net Post-employment Benefit Obligation (Asset). The table below shows the City of Hoover's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending September 30, 2010:

	Medical
1. Beginning Net OPEB Obligation (Asset) 10/1/2009	\$422,895
2. Annual required contribution	711,556
3. Interest on Net OPEB Obligation (Asset): .04 X [1]	16,916
4. ARC Adjustment: [1]/17.292	24,456
5. OPEB Cost: [2]+[3]-[4]	704,016
6. Contribution	0
7. Current year retiree premium	78,107
8. Change in Net OPEB Obligation: [5]-[6]-[7]	625,909
9. Ending Net OPEB Obligation: (Asset) 9/30/2010: [1]+[8]	\$1,048,804

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

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	September 30, 2010	\$704,016	11.09%	\$1,048,804

Funded Status and Funding Progress. In the fiscal year ending September 30, 2010, the City of Hoover made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of September 30, 2010, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$6,655,115, which is defined as that portion, as determined by a particular actuarial cost method (the City of Hoover uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2009/2010, the entire actuarial accrued liability of \$6,655,115 was unfunded.

Actuarial Accrued Liability (AAL)	\$	6,655,115
Actuarial Value of Plan Assets		0
Unfunded Act. Accrued Liability (UAAL)		6,655,115
Funded Ratio (Act. Val. Assets/AAL)		0%
 Covered Payroll (active plan members)		 36,569,482
UAAL as a percentage of covered payroll		178.20%

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
Fiscal Year Ended September 30, 2010

(8) POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

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

Actuarial Value of Plan Assets. Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 6%. The rates for each age are below:

Age	Percent Turnover
18 - 25	12.0%
26 - 40	6.5%
41 - 54	5.5%
55+	4.0%

It has further been assumed, based on past experience, that 42% of employees decline medical coverage upon retirement because of the retiree premiums required.

Post employment Benefit Plan Eligibility Requirements. It is assumed that entitlement to benefits will commence upon actual retirement, which in turn has been assumed to be a six year delay after the earliest eligibility as set forth in the foregoing section entitled "Plan Terms". The D.R.O.P. period is limited to between three and five years. The six year delay is what is estimated to be the average length of time before initial eligibility and actual cessation of employment (3 years D.R.O.P. plus 3 more years, or a similar combination of 3 or more years in D.R.O.P. plus 1 to 3 additional years).

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
Fiscal Year Ended September 30, 2010

(8) POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

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

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the **employer** for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. After retirement, the employer pays a varying amount of the retiree's individual coverage based on length of service at time of retirement. For those retiring before age 60, the amount is \$10.00 per year of service up to 75% of the total blended rate for the coverage in place. For those retiring on or after age 60, the amount is \$15.00 per year of service up to 75% of the total blended rate for the coverage in place. The retiree pays the remainder of the blended rate for the coverage not paid by the employer.

Since the rates provided used to determine the retiree contribution as described above are "blended" between active and retired, we have used the estimated "unblended" rates provided by Blue Cross to actually value the cost of benefits since unblended rates are required by GASB for the OPEB valuation. The retiree contribution as determined above were then deducted from these total projected costs as produced by the unblended rates.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(9) OTHER INFORMATION:

A. 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; job-related illnesses or injuries to employees; and natural disasters. The City manages these risks under a limited risk management program, which is administered by the City through two professional claims-handling firms. The City purchases commercial insurance to cover individual workers' compensation claims in excess of \$500,000 and to cover aggregate annual compensation claims in excess of \$3,424,307 for a two-year policy period. The City's excess workers' compensation coverage provides statutory limits for workers' compensation and \$1,000,000 in employer's liability. The City also purchases commercial insurance to cover individual property, casualty, and liability claims in excess of \$100,000. Some exclusions do apply on these excess limits. The City has not significantly reduced any of its insurance coverage from that of the prior year. All property and casualty claims, claim reserves, and administrative costs of the program are paid from the property and casualty internal service fund and all workers compensation expenses are paid from the workers compensation internal service fund.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based on the estimated ultimate cost of settling the claims considering the effects of inflation and recent claim settlement trends including the frequency and amount of pay-outs and other economic and social factors. Beginning in fiscal year 2010, the internal service funds for both property and casualty, as well as workers compensation, report the statutory estimates on claims liability with an offsetting receivable for the expected excess reimbursement. Thus, the net of the two reflects the retention limits held by the city for those claims affected. The liability for claims and judgments is not expected to be liquidated with current financial resources.

Changes in the balances of claims liabilities during fiscal 2009 and 2010 are as follows:

	<u>2009</u>	<u>2010</u>
Workers compensation (statutory)		
Unpaid claims, beginning	\$ 747,292	\$ 1,055,801
Incurred claims, (including IBNRs)	773,514	1,259,159
Claim Payments	(465,005)	(937,856)
Unpaid claims, ending	<u>\$ 1,055,801</u>	<u>\$ 1,377,104</u>
Property and casualty (retention/statutory)		
	Retention	Statutory
Unpaid claims, beginning	\$ 763,286	\$ 1,257,476
Incurred claims, (including IBNRs)	528,442	1,160,612
Adjustment for conversion to statutory reporting	736,608	-
Claim Payments	(770,860)	(1,088,677)
Unpaid claims, ending	<u>\$ 1,257,476</u>	<u>\$ 1,329,411</u>

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(9) OTHER INFORMATION:

B. Commitments

Board of Education:

The City's commitment to provide funding to the Board of Education will be determined on an annual basis.

Construction Projects:

As of September 30, 2010, the City has approved items related to construction projects for all governmental fund types in the amount of \$49,676,666. Of this amount, \$13,398,684 has been incurred to date creating a total remaining commitment of \$36,277,982. The City is responsible for funding \$13,608,160 of this commitment with the remaining \$22,669,822 to be funded by other governmental units.

Other Matters:

In September 2006, the City entered into a development agreement for the construction of a major retail center to be located in Hoover. In exchange for the construction on various public improvements to be paid for and constructed by the developer, as well as the future economic benefits to be derived from the development, the City agreed to reimburse fifty percent of the sales tax proceeds from the development for six years, beginning ninety days after the opening of the major tenant.

Subsequently, the City entered into an agreement with the Alabama Department of Transportation for roadway improvements associated with the development, the cost of which are currently estimated to be approximately \$4,000,000. In a separate agreement, the developer assumed this obligation. The major tenant opened for business October 1, 2009. However, the developer was not in compliance with all of the terms and conditions of their agreement with the City and was notified by the City of the non-compliance on October 15, 2009. The City intends to complete all of the necessary roadway improvements and deduct all of the costs of such improvements from the above mentioned reimbursement.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(9) OTHER INFORMATION (CONTINUED):

C. Contingent Liabilities

Amounts received or receivables from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is also a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City, and the City intends to vigorously defend its position in each lawsuit.

(10) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds payable	\$ 84,370,000
Less: Deferred charge on refundings - 2003 and 2004 (to be amortized as interest expense)	(2,665,948)
Less: Deferred charge for issuance costs - 2003 and 2004 (to be amortized over life of debt)	(468,592)
Less: Issuance discount- 2003 issue (to be amortized as interest expense)	(49,507)
Issuance premium - 2004 issue	792,522
Accrued interest payable	317,546
Compensated absences	10,257,701
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 <u>\$ 92,553,722</u>

(11) RESTRICTED NET ASSETS

A. Explanation for restrictions on net assets

In the Statement of Net Assets, net assets are restricted for capital projects and for enabling legislation. The former are restricted due to ongoing construction projects or capital items that have begun or been encumbered but not completed, as well as the Alabama Trust Fund special revenue fund. The latter is as a result of enabling legislation as defined in GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation* and includes all other special revenue funds. The following summarizes these restrictions:

Restricted for:	
Capital projects	\$ 21,707,247
Public safety	1,506,840
Municipal court	1,340,680
Library	13
Highway and roadway improvements	3,273,995
Total restricted net assets	\$ 27,828,774

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2010

(12) SUBSEQUENT EVENTS

In December 2010, the City purchased the La Chateau apartment complex located at 3410 Hartwood Circle, Hoover, Alabama and its improvements thereon in the amount of \$2,448,000. It is the City's desire, after all leases have lapsed (estimated to be by April 2011), to demolish the current structures and sell the property for commercial redevelopment of the area.

(13) NEW PRONOUNCEMENTS

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB 54 is effective for the City's fiscal year ending September 30, 2011, and its adoption is not expected to have a material effect on the City's basic financial statements.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

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THE CITY OF HOOVER, ALABAMA
Modified Approach for Infrastructure Assets
Assessed Condition - Streets
For the Fiscal Year Ending September 30, 2010

	Quality Rating Standards	Streets		Streets	
		2009		2010	
		Length (in feet)	%	Length (in feet)	%
Excellent	5	373,108	24.14%	279,132	17.26%
Good	4	879,078	56.88%	842,277	52.07%
Fair	3	238,975	15.46%	463,530	28.65%
Poor	2	30,750	1.99%	32,728	2.02%
Unsatisfactory	1	737	0.05%	-	0.00%
Under Construction	UC	22,885	1.48%	-	0.00%
Total		<u>1,545,533</u>	<u>100.00%</u>	<u>1,617,667</u>	<u>100.00%</u>

	Quality Rating Standards	Streets		Streets	
		2009		2010	
		Length (in miles)	%	Length (in miles)	%
Excellent	5	70.66	24.14%	52.87	17.26%
Good	4	166.49	56.88%	159.52	52.07%
Fair	3	45.26	15.46%	87.79	28.65%
Poor	2	5.82	1.99%	6.20	2.02%
Unsatisfactory	1	0.14	0.05%	-	0.00%
Under Construction	UC	4.33	1.48%	-	0.00%
Total		<u>292.71</u>	<u>100.00%</u>	<u>306.38</u>	<u>100.00%</u>

* FY 2010 represented a complete reassessment and update of the road database; UC (Under construction) were not included in FY 2010;

THE CITY OF HOOVER, ALABAMA
Modified Approach for Infrastructure Assets
Preservation of Condition Level Estimate - Streets
Comparison for the Last Five Fiscal Years

Current Estimated Amount to Preserve Condition Level for Streets - Based on Bid

Description of Work	FY 2011
Manholes	\$ 6,840.00
Milling	290,370
Seal	638,451
Striping	35,987
Raised pavement markers	1,773
Markings and legends	19,200
Tack	17,712
Traffic signal loops	66,000
CPI adjustment (from bid prices)	<u>108,244</u>
 Total	 <u><u>\$ 1,184,578</u></u>

Note: Roadway total - 4.57 miles

Actual Expenditures - Roadway Maintenance & Repair - Last Five Fiscal Years

Fund Description	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Jefferson County Road Tax Fund	\$ -	\$ -	\$ -	\$ -	\$ 600,000
7 Cent Gas Tax Fund	596,708	473,454	887,808	883,727	45,717
4 & 5 Cent Gas Tax Fund	<u>350,984</u>	<u>210,595</u>	<u>999,996</u>	<u>1,100,599</u>	<u>85,501</u>
 Total	 <u><u>\$ 947,692</u></u>	 <u><u>\$ 684,049</u></u>	 <u><u>\$ 1,887,805</u></u>	 <u><u>\$ 1,984,326</u></u>	 <u><u>\$ 731,218</u></u>

Estimated Expenditures - Roadway Maintenance & Repair - Last Five Fiscal Years

Fund Description	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year ¹ 2010
 Total	 <u><u>\$ 640,448</u></u>	 <u><u>\$ 1,297,713</u></u>	 <u><u>\$ 3,150,169</u></u>	 <u><u>\$ 2,852,085</u></u>	 <u><u>\$ 941,423</u></u>

¹ Estimated expenditures are based on actual bid prices compared to previous years where the estimate was from the consultant.

THE CITY OF HOOVER, ALABAMA
Modified Approach for Infrastructure Assets
Assessed Condition - Bridges
For the Fiscal Year Ending September 30, 2010

BIN #	Description	Structure Length	Deck Width	Barrel Length*	Overall Rating 2008	Square Footage	Estimated Value with Deflator	Estimated Age at Time Added to Capital Assets	Fiscal Year Added
1 019800	ROSS BRIDGE @ ORCHARD	83.2	46.0		8.0	3,827	\$ 382,720	2	2010
2 020158	ROSS BRIDGE @ RAILROAD	139.6	51.7		7.8	7,217	700,000	3	2008
3 019892	ROSS BRIDGE @ SHADES CREEK	455.1	51.7		8.0	23,529	1,800,000	0	2006
4 019453	DOUG BAKER BLVD	31.0		88.0	8.0	2,728	200,000	0	2006
5 008425	PATTON CREEK @ CREEKVIEW DR	68.0	29.0		6.2	1,972	112,682	25	2003
6 008426	PATTON CREEK @ KESTWICK DR	102.0	29.2		6.2	3,060	174,851	25	2003
7 006694	PATTON CREEK @ SOUTHLAND DR	102.0	30.9		6.2	3,432	196,107	25	2003
8 010601	LOCKHAVEN RD	103.0	31.0		7.0	3,399	194,221	25	2003
9 017655	RIVERCHASE PKWY W	48.0	33.4		6.6	1,603	95,996	15	2003
10 008429	STARLAKE/DEO DARA DR	25.0		28.8	5.0	720	42,856	25	2003
11 017656	SOUTHLAKE PKWY	97.0		25.6	5.0	2,483	144,109	10	2003
TOTAL/AVERAGE		<u>1,253.9</u>	<u>302.9</u>	<u>142.4</u>	<u>6.7</u>	<u>53,971</u>	<u>\$ 4,043,541</u>	<u>14</u>	

* These bridges are culvert bridges

NOTE: Since the bridges were added as a network under the modified approach, no bridge has fallen below the acceptable preservation level (5 rating). Thus, no estimate for maintaining expenditures is given and likewise, no funds have been expended.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2010

STREETS AND BRIDGES

The City of Hoover adopted the modified approach in accounting for its road and bridge infrastructure assets, as part of the infrastructure network. This approach is allowable by the Governmental Accounting Standards Board (GASB) if the following three conditions are met by the City:

1. Maintains an up-to-date inventory of eligible infrastructure assets;
2. Assesses the condition of its infrastructure assets in a replicable manner and summarizes the results; this assessment must be consistent and applied to the entire inventory every three years, but may be provided on a cyclical basis;
3. Estimates annually the amount needed to preserve the infrastructure assets at or above the minimum acceptable threshold established by the City and provides appropriate documentation to verify such.

For the fiscal year ended 2010, the City completely re-assessed all of its streets under the modified approach. By using the modified approach, the City will not depreciate expense associated with such assets. In addition, the City will not capitalize any amounts associated with improving the useful life of the assets, unless the improvements also expand the breadth of the asset (i.e. additional road lanes). The following discusses how the City intends to comply with the above criteria for these two facets of our infrastructure network.

A. Streets

1. In order to fulfill the above GASB standards, the City has provided a mechanism to ensure that its infrastructure inventory database is properly maintained. The City identified four situations throughout the year that could arise and cause a need to update the inventory database in order to keep it properly maintained.
 - i. Complete condition assessment every three years:
 1. Year 1 (FY 2010) assess all roads with a rating of 5 and under (100% condition assessment)
 2. Year 2 (FY 2011) assess all roads with a rating of 3 and under (approximately 30.67% condition assessment)
 3. Year 3 (FY 2012) assess all roads with a rating of 3 and under (approximately 30.67% condition assessment)

Since level 3 is the established minimum acceptable condition level, every year these will be formally reevaluated. Because 4 and 5 condition levels will be assessed formally every three years, and the long life of a road, it was felt that Year 2 and Year 3 would only address level 3 and lower, in order to ensure those that might drop to 2 or 1 would be identified and elevated to a higher status.

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2010

- ii. City/county road work, including paving and milling:
 - 1. At the time city maintenance work is completed, the road will be re-rated and properly updated in the database with a corresponding rating and year field.

- iii. Addition/acceptance of new public roads built by entity other than City:
 - 1. When a new road or street is within the city limits and is opened for use by the public, the road or street will be added to our existing inventory when it is included in the appropriate county database and available on our GIS (geographic information system). A UC (under construction) rating should be given, when the street is opened before the final seal coat is finished (see below). For fiscal year 2010, due to a partially completed project to improve the roads database and take into account new roads, UC roads were not included in the valuation until the project can be completed.
 - 2. When the seal coat bond has been released, the rating of the road should be updated from UC (under construction) to 5. This change may occur once every three years since only 3 and lower ratings are evaluated each year.
 - 3. The City will seek to obtain the true historical cost of any roads turned over from a developer.

- iv. Addition of new public roads built by the City of Hoover:
 - 1. Some new roads or additions will be funded directly by the City. These roads will be taken into account when they are included in the appropriate county's database and available on our GIS.
 - 2. To avoid duplication, those roads that the City pays for and that run through as a city expense will be removed from the capital asset list and added to the road inventory at the appropriate time in the appropriate classification (ex. Construction in progress, etc.). This will ensure that the modified approach is applied to all roads and thus that they will not be depreciated like other assets.

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2010

2. In order to comply with the above GASB standards, the City had to assess the condition of its infrastructure assets in a replicable manner and summarize the results, which include the processes for valuing the inventory as follows.

If any distresses are located along the plane of a linear segment, that plane is considered to be entirely distressed. Therefore, the percentages reflect the evaluation of the linear segment and not the segment's overall area. For example, if 60' of a 100' segment contains any of the distresses mentioned below, the segment is considered to be 60% distressed and would receive a rating of 2.

Rating 5 – Excellent

No visible deterioration.

Rating 4 – Good

Overall rating is based on 2% to 25% of the roadway consisting of but not limited to the following distresses: transverse cracking, longitudinal cracking, alligator cracking, edge raveling, and minor pothole presence.

Rating 3 – Fair

Overall rating is based on 25% to 50% of the roadway consisting of but not limited to the following distresses: transverse cracking, longitudinal cracking, alligator cracking, block cracking, slippage cracking, stone polishing, edge raveling, and minor pothole.

Rating 2 – Poor

Overall rating is based on 50% to 75% of the roadway consisting of but not limited to the following distresses: transverse cracking, longitudinal cracking, alligator cracking, block cracking, slippage cracking, stone polishing, edge raveling, and minor pothole. Rideability is slightly affected.

Rating 1 – Unsatisfactory

Distresses are to the point that the roadway requires immediate repair. Rideability is significantly affected. Speed must be reduced in order to safely maneuver.

For fiscal year 2010, Kellogg Brown & Root Services, Inc. was hired to complete the total re-assessment by applying the standards above.

In fiscal year 2003, the original roadways that were placed on the capital assets list were valued as discussed in the following detail.

Each street segment within the Hoover area was determined to be either inside the city limits or outside the city limits. Those street segments within the city limits were then categorized by who maintains the street in one of the following ways:

City – Road is maintained by the City of Hoover

County – Road is maintained by the County

State – Road is maintained by the State

Private – In a gated community that is maintained by that community

Other – Usually apartment complexes or shopping centers

N/A – Usually alleys, driveways, unknown or non-existing roadways

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2010

If a street segment was classified as City or County, it was subsequently rated according to the Roadway Quality Ratings Standards described above. PLEASE NOTE: For accounting purposes, only City and County maintained value segments within the City were added originally. Thus, because Private roads are not officially considered the City's, their value has not been added. Since the original addition of these roadways to capital assets, the City has determined that county maintained roadways should not be included. As a result, in fiscal year 2008, all county maintained roadways were removed through a prior period adjustment.

In order to estimate a value for each segment within the City that fell into City or County maintained, several steps occurred. First, a depreciation factor was calculated based on the average age of Hoover streets at the time of the initial inventory, December 2003. Because only City and County maintained roads were valued, the ages of these categories were averaged. To obtain the age, the City was divided into 11 different areas and an average age was applied to each area as follows:

<u>Area</u>	<u>Years</u>
Area 1	5
Area 2	10
Area 3	15
Area 4	25
Area 5	10
Area 6	5
Area 7	9
Area 8	2
Area 9	8
Area 10	25
Area 11	1

The equation for determining the average age of Hoover's streets was:

$$\sum [(Total\ Length\ of\ Roads)_{Area} * (Average\ age)_{Area}] / (Total\ Length\ of\ Roads)_{All\ Areas} = Average\ Age\ of\ Hoover\ Streets$$

Thus, the total lengths of each area were multiplied by the designated average age for the area and divided by total lengths of all areas within the city and county maintained roadways. After completing this calculation, the following results occurred:

$$\sum [(Total\ Length\ of\ Roads)_{Area} * (Average\ age)_{Area}] = 5219.5$$

$$(Total\ Length\ of\ Roads)_{All\ Areas} = 307.3$$

$$5219.5 / 307.3 = 16.985\ or\ \underline{17\ years}$$

By utilizing the Construction Cost Index provided by Engineering News Record, a depreciation factor for the age was calculated. It was determined that the average age calculation of the street assets within the City of Hoover was 17 years. Going back 17 years from 2003, the average construction cost was \$4,295. For 2003, the annual average construction cost was \$6,694. Therefore, the depreciation factor was calculated as follows:

$$(4295/6694) * 100\% = 64.16\%$$

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2010

With the depreciation factor established, the estimated value of Hoover streets was determined. The equation for this was as follows:

$$\sum [(\text{Length})_{ft} * (\# \text{ of Lanes}) * (\text{Replacement Cost per Foot per Lane})] * \text{Depreciation Factor} = \text{Total Value}$$

In this equation, the mileage taken from the inventory was converted to feet and the length of the road was multiplied by the number of lanes to account for multi-laned roadways. The average replacement cost used for the roadways was \$100/foot.

Based on this formula, the total estimated value for Hoover streets was \$219,289,072. This value was added to our capital assets in fiscal year 2003.

3. In order to comply with GASB standards for the modified approach, the City must annually estimate the amount needed to preserve the roadways at or above the minimum acceptable threshold, which is a Rating of 3 or higher.

To estimate a value on elevating ratings of 1 and 2, a list was created of such ratings and submitted to the Public Works Department, which is responsible for paving and maintaining city roads. Funds for such improvements are provided via the Jefferson County Road Tax fund, the 4 & 5 cent gas tax fund and the 7 cent gas tax fund, which are all special revenue funds.

The total length of roads that required rehabilitation was approximately **12.54 miles**. However, beginning with fiscal year 2009's evaluation, which was implemented in fiscal year 2010, a designation has been made between those roads that need minor repairs (patchwork) versus those that need a total re-paving. Thus, only **6.20 miles** need to be repaved. The City will prioritize their paving and maintenance of roads based on this list and will address them in fiscal year 2011.

The estimated cost to raise the ratings of 1 and 2 is approximately **\$1,184,578**.

For informational purposes, the table below illustrates how much the City has expended on roadway maintenance and repair for the last five fiscal years:

Actual Expenditures - Roadway Maintenance & Repair - Last Five Fiscal Years

Fund Description	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Jefferson County Road Tax Fund	\$ -	\$ -	\$ -	\$ -	\$ 600,000
7 Cent Gas Tax Fund	596,708	473,454	887,808	883,727	45,717
4 & 5 Cent Gas Tax Fund	350,984	210,595	999,996	1,100,599	85,501
Total	\$ 947,692	\$ 684,049	\$ 1,887,805	\$ 1,984,326	\$ 731,218

For informational purposes, the table below illustrates how much the City has estimated on roadway maintenance and repair for the last five fiscal years:

Estimated Expenditures - Roadway Maintenance & Repair - Last Five Fiscal Years

Fund Description	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Total	\$ 640,448	\$ 1,297,713	\$ 3,150,169	\$ 2,852,085	\$ 941,423

¹ Estimated expenditures are based on actual bid prices compared to previous years where the estimate was from the consultant.

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2010

In sum, the City will seek to continually improve the processes for maintaining an adequate inventory and sustaining the minimum threshold for the quality of its roads. The mechanisms discussed above are a beginning to a dynamic accounting approach that will see new innovative techniques to enhance its accuracy, effectiveness, and efficiency.

B. Bridges

1. In order to fulfill the above GASB standards, the City needs to provide a mechanism to ensure that our infrastructure inventory database is properly maintained.
2. Every two years the State of Alabama conducts inspections for our bridges. Thus, all of the bridges were inspected in 2010. As a result, the ratings are from the 2010 inspection.

These inspections cover a number of areas including the bridge's deck, superstructure, substructure, and culverts, if applicable. Each area is broken out into different categories, with a rating from 1-10, with 10 being the highest rating. These rates are then combined into an overall rating for each area. The different areas and their subsequent categories are as follows:

i. Deck

1. Wearing surface
2. Deck-Structural
3. Curbs
4. Median
5. Sidewalks
6. Railing
7. Paint
8. Drains
9. Lighting standards
10. Utilities
11. Joint leakage
12. Expansion joints/devices
13. Collision damage

ii. Superstructure

1. Bearing devices
2. Stringers, girders, beams and deck slabs
3. Floor beams
4. Diaphragms and cross frames
5. Trusses
6. Paint
7. Machinery (movable spans)
8. Rivets or bolts
9. Welds-cracking
10. Collision damage
11. Deflection under load
12. Alignment of members
13. Vibration under load

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2010

iii. Substructure

1. Abutments
2. Piers or bents
3. Debris on seats
4. Paint
5. Collision damage

iv. Culverts

1. Barrel
2. Headwall
3. Intermediate wall
4. Adequacy
5. Debris
6. Erosion/scour
7. Settlement

To determine the value of the bridges, the overall rate for each of the bridges and the applicable areas was combined into one combined GASB34 rate as follows:

$$\text{GASB34 rate} = 20\% \text{ (Deck rate)} + 40\% \text{ (Superstructure Rate)} + 40\% \text{ (Substructure rate)}$$

This equation does not apply to culvert bridges, which are three out of the ten bridges. Instead, for culvert bridges, the rating is based on the overall rating of the culvert category.

In fiscal year 2003, when bridges were added to capital assets, the City only had seven bridges. In fiscal year 2006, we added two bridges, in fiscal year 2008 we added one bridge, and in fiscal year 2010 we added one bridge, for a total of eleven bridges. The description below provides detail on how the original seven bridges' estimated values were calculated.

The equation for determining the average age of Hoover's bridges was:

$$\frac{\sum [(\text{Avg Age})_{\text{Area}}]}{(\text{Total Number of Bridges})} = \text{Average Age of Hoover Bridges}$$

Thus, with 150 total estimated years and 7 bridges, the average age of Hoover Bridges = **21 years**.

By utilizing the Construction Cost Index provided by Engineering News Record, a depreciation factor for the age was calculated. It was determined that the average age calculation of the bridge assets within the City of Hoover was 21 years. Going back 21 years from 2003, the average construction cost was \$3,825. For 2003, the annual average construction cost was \$6,694. Therefore, the depreciation factor was calculated as follows:

$$(3,825/6,694) * 100\% = 57.14072304\%$$

With the depreciation factor established, the estimated value of Hoover bridges could be determined. The equation for this is as follows:

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2010

$$\Sigma [(\text{Square Footage of Deck})_{\text{All Bridges}} * (\text{Replacement Cost per Foot})] * \text{Depreciation Factor} = \text{Total Value}$$

In this equation, the total square footage of deck for all bridges was 16,815. The average replacement cost used for the bridges was \$100/foot.

Thus, $16,815 * \$100 * 57.14072304\% = \$960,821.26$

Based on this formula, the total estimated value for Hoover bridges in 2003 = **\$960,821.26.**

3. In order to comply with GASB standards with the modified approach, the City must estimate the amount needed to preserve the bridges at or above the minimum acceptable threshold, which is a Rating 5.

Currently, no bridges have an insufficient overall rating and therefore all eleven bridges are in satisfactory condition as a whole. However, it is possible that certain characteristics within the categories rated could have a 4 or lower rating, but as a whole be satisfactory. As these deficient characteristics are identified, they will be monitored by the Engineering Department for future repair and maintenance.

For informational purposes, the table below illustrates how much the City has expended and estimated on bridge maintenance and repair for the last five fiscal years:

<u>Actual Expenditures - Bridge Maintenance & Repair - Last Five Fiscal Years</u>					
Fund Description	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Capital Projects Fund	<u>\$ -</u>				
 <u>Estimated Expenditures - Bridge Maintenance & Repair - Last Five Fiscal Years</u>					
	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
Total	<u>\$ -</u>				

In sum, the City will seek to continually improve the processes for maintaining an adequate inventory and sustaining the minimum threshold for the quality of its bridges. Because the bridge inventory only consists of eleven items, the monitoring process will be minimized. The City will rely greatly upon the State of Alabama to utilize its rating system and processes to ensure an accurate database and rating update.

C. Conclusion

Finally, this document is intended to be a fluid document that takes into account changes necessary to comply with not only GASB Statement 34, but also any other recommendations and requirements that further valuing and tracking infrastructure. Because this is a new undertaking, the City has had to periodically change this document to account for those things that might not have been considered in the beginning. As a result, the City will seek to continually improve on its infrastructure policy and provide written guidance to facilitate changes.

COMBINING FINANCIAL STATEMENTS

THE CITY OF HOOVER, ALABAMA
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2010

	Special Revenue								
	E-911	Wireless E-911	State Seven Cent Gasoline Tax	State Four and Five Cent Gasoline Tax	Jefferson County Road Tax	Alabama Trust Fund Interest	State Drug Enforce- ment	Federal Drug Dept of Justice	Federal Drug Dept of Treasury
Assets									
Pooled cash and investments	\$ -	\$ 459,060	\$ 1,361,506	\$ 752,810	\$ 372,752	\$ 1,910,575	\$ 174,668	\$ 633,748	\$ 356,512
Receivables									
Taxes	-	-	-	-	972,752	-	-	-	-
Accounts	126,965	29,211	-	-	-	-	-	-	-
Due from other governments	-	-	57,733	28,175	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Total assets	\$ 126,965	\$ 488,271	\$ 1,419,239	\$ 780,984	\$ 1,345,503	\$ 1,910,575	\$ 174,668	\$ 633,748	\$ 356,512
Liabilities and fund balances									
Accounts payable and accrued liabilities	\$ 50,993	\$ -	\$ 7,057	\$ -	\$ -	\$ -	\$ -	\$ 5,756	\$ -
Deferred revenue	-	-	-	-	-	-	3,048	-	-
Internal balances	75,972	-	-	-	-	-	-	-	-
Refundable deposits	-	-	-	-	-	-	-	-	-
Total liabilities	126,965	-	7,057	-	-	-	3,048	5,756	-
Fund balances									
Reserved for capital projects	-	-	265,048	-	-	15,377	-	192,772	-
Unreserved, undesignated fund balance	-	488,271	1,147,133	780,984	1,345,503	1,895,198	171,620	435,221	356,512
Total fund balances	-	488,271	1,412,181	780,984	1,345,503	1,910,575	171,620	627,993	356,512
Total liabilities and fund balances	\$ 126,965	\$ 488,271	\$ 1,419,239	\$ 780,984	\$ 1,345,503	\$ 1,910,575	\$ 174,668	\$ 633,748	\$ 356,512

THE CITY OF HOOVER, ALABAMA
Combining Balance Sheet - Continued
Non-Major Governmental Funds
September 30, 2010

	Special Revenue - Continued							Capital Projects	Total Nonmajor Governmental Funds
	CDBG	Court and Correction	Traffic Safety	Court Training	Court Referral Officer Program	General Grants	Total	Other Capital Projects Fund	
Assets									
Pooled cash and investments	\$ -	\$ 79,663	\$ 1,127,608	\$ 171,977	\$ 41,246	\$ -	\$ 7,442,124	\$ -	\$ 7,442,124
Receivables									
Taxes	-	-	-	-	-	-	972,752	-	972,752
Accounts	76,252	-	-	-	15,130	197,502	445,061	191,179	636,240
Due from other governments	-	-	-	-	-	-	85,907	-	85,907
Inventories	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Total assets	\$ 76,252	\$ 79,663	\$ 1,127,608	\$ 171,977	\$ 56,376	\$ 197,502	\$ 8,945,844	\$ 191,179	\$ 9,137,023
Liabilities and fund balances									
Accounts payable and accrued liabilities	\$ 125	\$ 79,663	\$ 188	\$ 155	\$ 14,938	\$ 26,233	\$ 185,108	\$ 132,043	\$ 317,151
Deferred revenue	-	-	-	-	-	15,120	18,168	-	18,168
Internal balances	76,127	-	-	-	-	100,546	252,646	59,136	311,782
Refundable deposits	-	-	-	-	-	-	-	-	-
Total liabilities	76,252	79,663	188	155	14,938	141,899	455,921	191,179	647,100
Fund balances									
Reserved for capital projects	-	-	-	-	-	-	473,197	-	473,197
Unreserved, undesignated fund balance	-	-	1,127,420	171,822	41,437	55,603	8,016,726	-	8,016,726
Total fund balances	-	-	1,127,420	171,822	41,437	55,603	8,489,923	-	8,489,923
Total liabilities and fund balances	\$ 76,252	\$ 79,663	\$ 1,127,608	\$ 171,977	\$ 56,376	\$ 197,502	\$ 8,945,844	\$ 191,179	\$ 9,137,023

THE CITY OF HOOVER, ALABAMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended September 30, 2010

	Special Revenue								
	E-911	Wireless E-911	State Seven Cent Gasoline Tax	State Four and Five Cent Gasoline Tax	Jefferson County Road Tax	Alabama Trust Fund Interest	State Drug Enforce- ment	Federal Drug Dept of Justice	Federal Drug Dept of Treasury
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	756,817	486,518	972,752	413,071	-	-	-
Fines and forfeits	-	-	-	-	-	-	119,615	454,642	356,424
Investment income	-	-	-	-	-	-	178	758	87
Rents and royalties	-	-	-	-	-	-	-	-	-
Contributions and reimbursements	-	-	-	-	-	-	-	-	-
Charges for services	1,290,390	353,293	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	<u>1,290,390</u>	<u>353,293</u>	<u>756,817</u>	<u>486,518</u>	<u>972,752</u>	<u>413,071</u>	<u>119,793</u>	<u>455,400</u>	<u>356,512</u>
Expenditures									
Current operations									
General government	-	-	-	-	-	-	-	-	-
Public safety	1,387,165	560,705	-	-	-	-	14,769	255,517	-
Library	-	-	-	-	-	-	-	-	-
Municipal court	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Highway and roadway improvements	-	-	138,000	85,501	600,000	-	-	-	-
Recreation services	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Total	<u>1,387,165</u>	<u>560,705</u>	<u>138,000</u>	<u>85,501</u>	<u>600,000</u>	<u>-</u>	<u>14,769</u>	<u>255,517</u>	<u>-</u>
Capital outlays	-	-	-	-	-	1,215	-	266,507	-
Total expenditures	<u>1,387,165</u>	<u>560,705</u>	<u>138,000</u>	<u>85,501</u>	<u>600,000</u>	<u>1,215</u>	<u>14,769</u>	<u>522,024</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(96,776)</u>	<u>(207,412)</u>	<u>618,817</u>	<u>401,017</u>	<u>372,752</u>	<u>411,856</u>	<u>105,024</u>	<u>(66,624)</u>	<u>356,512</u>
Other financing sources (uses)									
Transfers in	96,776	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>96,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(207,412)	618,817	401,017	372,752	411,856	105,024	(66,624)	356,512
Fund balances, beginning of year	-	695,683	793,364	379,967	972,752	1,498,719	66,597	694,617	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 488,271</u>	<u>\$ 1,412,181</u>	<u>\$ 780,984</u>	<u>\$ 1,345,503</u>	<u>\$ 1,910,575</u>	<u>\$ 171,620</u>	<u>\$ 627,993</u>	<u>\$ 356,512</u>

THE CITY OF HOOVER, ALABAMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Continued
Non-Major Governmental Funds
For the year ended September 30, 2010

	Special Revenue - Continued						Capital Projects		
	CDBG	Court and Corrections	Traffic Safety	Court Training	General Grants	Court Referral Officer Program	Total	Other Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues									
Taxes	\$ -	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	451,339	-	-	-	637,081	72,988	3,790,567	411,142	4,201,709
Fines and forfeits	-	911,779	320,850	36,323	-	-	2,199,633	-	2,199,633
Investment income	-	-	-	-	24	-	1,047	-	1,047
Rents and royalties	-	-	-	-	-	-	-	-	-
Contributions and reimbursements	-	-	-	-	10,931	-	10,931	-	10,931
Charges for services	-	11,140	-	-	2,200	77,146	1,734,169	-	1,734,169
Other	-	-	-	-	-	-	-	-	-
Total revenues	<u>451,339</u>	<u>922,919</u>	<u>320,850</u>	<u>36,323</u>	<u>650,236</u>	<u>150,134</u>	<u>7,736,347</u>	<u>411,142</u>	<u>8,147,489</u>
Expenditures									
Current operations									
General government	60,276	-	-	-	-	-	60,276	-	60,276
Public safety	-	1,754,721	-	-	558,759	-	4,531,637	-	4,531,637
Library	-	-	-	-	166,820	-	166,820	-	166,820
Municipal court	-	1,256,448	57,257	14,659	-	126,084	1,454,448	-	1,454,448
Sanitation	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Highway and roadway improvements	-	-	-	-	100,335	-	923,836	-	923,836
Recreation services	-	-	-	-	64,523	-	64,523	-	64,523
Health	-	-	-	-	-	-	-	-	-
Total	<u>60,276</u>	<u>3,011,170</u>	<u>57,257</u>	<u>14,659</u>	<u>890,437</u>	<u>126,084</u>	<u>7,201,540</u>	<u>-</u>	<u>7,201,540</u>
Capital outlays	391,064	-	-	-	88,939	-	747,725	411,142	1,158,868
Total expenditures	<u>451,339</u>	<u>3,011,170</u>	<u>57,257</u>	<u>14,659</u>	<u>979,376</u>	<u>126,084</u>	<u>7,949,265</u>	<u>411,142</u>	<u>8,360,407</u>
Excess of revenues over (under) expenditures	-	(2,088,251)	263,593	21,664	(329,140)	24,050	(212,918)	-	(212,918)
Other financing sources (uses)									
Transfers in	-	2,088,251	-	-	286,076	-	2,471,103	-	2,471,103
Transfers out	-	-	-	-	(453)	-	(453)	-	(453)
Total other financing sources (uses)	<u>-</u>	<u>2,088,251</u>	<u>-</u>	<u>-</u>	<u>285,623</u>	<u>-</u>	<u>2,470,650</u>	<u>-</u>	<u>2,470,650</u>
Net change in fund balances	-	-	263,593	21,664	(43,517)	24,050	2,257,732	-	2,257,732
Fund balances, beginning of year	-	-	863,827	150,158	99,120	17,387	6,232,191	-	6,232,191
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>1,127,420</u>	<u>\$ 171,822</u>	<u>\$ 55,603</u>	<u>\$ 41,437</u>	<u>\$ 8,489,923</u>	<u>\$ -</u>	<u>\$ 8,489,923</u>

THE CITY OF HOOVER, ALABAMA
Internal Service Funds
Combining Statement of Net Assets
September 30, 2010

	Health Insurance Actives	Health Insurance Retirees	Workers Compensation	Property & Casualty	Total
Assets					
Current assets:					
Pooled cash and investments	\$ 1,913,780	\$ 163,927	\$ 1,146,367	\$ 1,074,649	\$ 4,298,723
Prepaid items	-	-	22,586	30,483	53,069
Internal balances	-	-	-	-	-
Accounts/stop loss receivable	244,840	-	65,584	5,210	315,634
Statutory actuarial receivable	-	-	77,459	241,577	319,036
Total current assets	2,158,620	163,927	1,311,996	1,351,919	4,986,462
Noncurrent assets:					
Capital assets					
Land	-	-	-	-	-
Construction in progress	-	-	-	-	-
Buildings/improvements to buildings	-	-	-	-	-
Equipment and vehicles	-	-	-	-	-
Improvements o/t buildings	-	-	-	-	-
Infrastructure improvements	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-
Total capital assets (net of accumulated depreciation)	-	-	-	-	-
Other assets	-	-	-	-	-
Statutory actuarial receivable	-	-	598,120	495,031	1,093,151
Total noncurrent assets	-	-	598,120	495,031	1,093,151
Total assets	\$ 2,158,620	\$ 163,927	\$ 1,910,116	\$ 1,846,950	\$ 6,079,613
Liabilities					
Current liabilities:					
General obligation warrants payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	1,166	-	4,441	14,038	19,645
Retainage payable	-	-	-	-	-
Accrued expenses	643,546	5,444	-	-	648,990
Claims payable	-	78,107	238,576	475,015	791,698
Compensated absences	-	-	-	-	-
Internal balances	-	-	-	-	-
Total current liabilities	644,712	83,551	243,017	489,053	1,460,333
Noncurrent liabilities:					
Compensated absences	-	-	-	-	-
Claims payable	-	970,697	1,138,528	854,396	2,963,621
Total noncurrent liabilities	-	970,697	1,138,528	854,396	2,963,621
Total liabilities	644,712	1,054,248	1,381,545	1,343,449	4,423,954
Net assets					
Investment in capital assets, net of related debt	-	-	-	-	-
Unrestricted	1,513,908	(890,322)	528,572	503,501	1,655,659
Total net assets	\$ 1,513,908	\$ (890,322)	\$ 528,572	\$ 503,501	\$ 1,655,659

THE CITY OF HOOVER, ALABAMA
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the year ended September 30, 2010

	Health Insurance Actives	Health Insurance Retirees	Workers Compensation	Property and Casualty	Total
Operating revenues					
Charges for services - internal	\$ 6,113,710	\$ 268,665	\$ 403,257	\$ 1,345,895	\$ 8,131,527
Participant premiums	1,423,774	110,443	-	-	1,534,217
Late fees	-	-	-	-	-
Stop loss reimbursements	261,966	-	604,397	378,273	1,244,637
Subrogation recoveries	-	-	30,943	18,909	49,852
Public assistance/school reimbursements	-	-	-	1,404	1,404
Rebates or refunds	118,843	7,113	1,640	-	127,596
Other	-	-	346	7	353
Total operating revenue	<u>7,918,293</u>	<u>386,220</u>	<u>1,040,583</u>	<u>1,744,488</u>	<u>11,089,585</u>
Operating expenses					
Costs of services	6,646,648	188,550	1,031,989	1,478,641	9,345,828
Administration	-	-	-	-	-
Depreciation	-	-	-	-	-
Total operating expenses	<u>6,646,648</u>	<u>188,550</u>	<u>1,031,989</u>	<u>1,478,641</u>	<u>9,345,828</u>
Operating income (loss)	1,271,645	197,671	8,593	265,848	1,743,756
Non-operating revenues (expenses)					
Actuarial adjustment	-	(625,909)	43,393	(71,935)	(654,451)
Investment earnings	-	-	-	-	-
Total non-operating revenues (expenses)	<u>-</u>	<u>(625,909)</u>	<u>43,393</u>	<u>(71,935)</u>	<u>(654,451)</u>
Transfers in (out)	-	-	-	-	-
Change in net assets	1,271,645	(428,238)	51,986	193,913	1,089,305
Net assets, beginning of year	<u>242,263</u>	<u>(462,083)</u>	<u>476,585</u>	<u>309,588</u>	<u>566,354</u>
Net assets, end of year	<u>\$ 1,513,908</u>	<u>\$ (890,322)</u>	<u>\$ 528,572</u>	<u>\$ 503,501</u>	<u>\$ 1,655,659</u>

THE CITY OF HOOVER, ALABAMA
Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2010

	Health Insurance Actives	Health Insurance Retirees	Workers Compensation	Property & Casualty	Total
Cash flows from operating activities					
Cash received from government	\$ 6,113,710	\$ 268,665	\$ 403,257	\$ 1,345,895	\$ 8,131,527
Cash received from participants	1,423,774	110,443	-	-	1,534,217
Cash received from stop loss reimbursements	17,126	-	538,813	461,221	1,017,160
Cash received from subrogation	-	-	30,943	18,909	49,852
Cash received from public assistance reimbursements	-	-	-	1,404	1,404
Cash received from rebates/overpayments	118,843	7,113	1,640	-	127,596
Payments to suppliers	(6,657,664)	(205,540)	(1,033,862)	(1,520,797)	(9,417,864)
Other cash receipts	-	-	346	7	353
Net cash provided (used) by operating activities	<u>1,015,789</u>	<u>180,680</u>	<u>(58,863)</u>	<u>306,638</u>	<u>1,444,244</u>
Cash flows from noncapital financing activities					
Transfer to other funds	16,753	-	-	-	16,753
Transfer from other funds	-	(16,753)	-	-	(16,753)
Net cash provided (used) by noncapital financing activities	<u>16,753</u>	<u>(16,753)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	-	-	-	-	-
Payments of warrants	-	-	-	-	-
Cash paid for interest on debt	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities					
Interest and dividends received	-	-	-	-	-
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in pooled cash and investments	1,032,542	163,927	(58,863)	306,638	1,444,244
Pooled cash and investments, beginning of year	881,238	-	1,205,230	768,011	2,854,479
Pooled cash and investments, end of year	<u>\$ 1,913,780</u>	<u>\$ 163,927</u>	<u>\$ 1,146,367</u>	<u>\$ 1,074,649</u>	<u>\$ 4,298,723</u>
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 1,271,645	\$ 197,671	\$ 8,593	\$ 265,848	\$ 1,743,756
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	-	-	-	-	-
(Increase) decrease in accounts receivable	(244,840)	-	(65,584)	82,947	(227,477)
Increase (decrease) in accounts payable and accrued expenses	(11,016)	(16,991)	(3,163)	(42,209)	(73,379)
(Increase) decrease in prepaid items	-	-	1,291	52	1,343
Total adjustments	<u>(255,856)</u>	<u>(16,991)</u>	<u>(67,456)</u>	<u>40,791</u>	<u>(299,512)</u>
Net cash provided by operating activities	<u>\$ 1,015,789</u>	<u>\$ 180,680</u>	<u>\$ (58,863)</u>	<u>\$ 306,638</u>	<u>\$ 1,444,244</u>

OTHER SUPPLEMENTARY INFORMATION

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
E-911 Fund
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	1,250,000	1,290,500	1,290,390	(110)
Other	-	-	-	-
Total revenues	<u>1,250,000</u>	<u>1,290,500</u>	<u>1,290,390</u>	<u>(110)</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	1,537,267	1,541,217	1,387,165	154,052
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>1,537,267</u>	<u>1,541,217</u>	<u>1,387,165</u>	<u>154,052</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,537,267</u>	<u>1,541,217</u>	<u>1,387,165</u>	<u>154,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(287,267)</u>	<u>(250,717)</u>	<u>(96,776)</u>	<u>153,941</u>
Other financing sources (uses)				
Transfers in	287,267	250,717	96,776	(153,941)
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>287,267</u>	<u>250,717</u>	<u>96,776</u>	<u>(153,941)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Wireless E-911 Fund
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	300,000	309,288	353,293	44,005
Other	-	-	-	-
Total revenues	<u>300,000</u>	<u>309,288</u>	<u>353,293</u>	<u>44,005</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	627,442	636,730	560,705	76,025
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>627,442</u>	<u>636,730</u>	<u>560,705</u>	<u>76,025</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>627,442</u>	<u>636,730</u>	<u>560,705</u>	<u>76,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(327,442)</u>	<u>(327,442)</u>	<u>(207,412)</u>	<u>120,030</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(327,442)	(327,442)	(207,412)	120,030
Fund balances, beginning of year	<u>695,683</u>	<u>695,683</u>	<u>695,683</u>	<u>-</u>
Fund balances, end of year	<u>\$ 368,241</u>	<u>\$ 368,241</u>	<u>\$ 488,271</u>	<u>\$ 120,030</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
State Seven Cent Gasoline Tax
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	750,500	750,500	756,817	6,317
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>750,500</u>	<u>750,500</u>	<u>756,817</u>	<u>6,317</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	675,000	275,000	138,000	137,000
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>675,000</u>	<u>275,000</u>	<u>138,000</u>	<u>137,000</u>
Capital outlays	265,048	265,048	-	265,048
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>940,048</u>	<u>540,048</u>	<u>138,000</u>	<u>402,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(189,548)</u>	<u>210,452</u>	<u>618,817</u>	<u>408,365</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(189,548)	210,452	618,817	408,365
Fund balances, beginning of year	<u>793,364</u>	<u>793,364</u>	<u>793,364</u>	<u>-</u>
Fund balances, end of year	<u>\$ 603,816</u>	<u>\$ 1,003,816</u>	<u>\$ 1,412,181</u>	<u>\$ 408,365</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
State Four and Five Cent Gasoline Tax
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	475,000	475,000	486,518	11,518
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>475,000</u>	<u>475,000</u>	<u>486,518</u>	<u>11,518</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	500,000	300,000	85,501	214,499
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>500,000</u>	<u>300,000</u>	<u>85,501</u>	<u>214,499</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>500,000</u>	<u>300,000</u>	<u>85,501</u>	<u>214,499</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,000)</u>	<u>175,000</u>	<u>401,017</u>	<u>226,017</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(25,000)	175,000	401,017	226,017
Fund balances, beginning of year	<u>379,967</u>	<u>379,967</u>	<u>379,967</u>	<u>-</u>
Fund balances, end of year	<u>\$ 354,967</u>	<u>\$ 554,967</u>	<u>\$ 780,984</u>	<u>\$ 226,017</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Jefferson County Road Tax
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	960,000	960,000	972,752	12,752
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>960,000</u>	<u>960,000</u>	<u>972,752</u>	<u>12,752</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	600,000	600,000	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>-</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Capital outlays	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>960,000</u>	<u>360,000</u>	<u>372,752</u>	<u>12,752</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	960,000	360,000	372,752	12,752
Fund balances, beginning of year	<u>972,752</u>	<u>972,752</u>	<u>972,752</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,932,752</u>	<u>\$ 1,332,752</u>	<u>\$ 1,345,503</u>	<u>\$ 12,752</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Alabama Trust Fund Interest
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	450,000	450,000	413,071	(36,929)
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>413,071</u>	<u>(36,929)</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlays	16,593	16,593	1,215	15,378
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>16,593</u>	<u>16,593</u>	<u>1,215</u>	<u>15,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>433,407</u>	<u>433,407</u>	<u>411,856</u>	<u>(21,551)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	433,407	433,407	411,856	(21,551)
Fund balances, beginning of year	<u>1,498,719</u>	<u>1,498,719</u>	<u>1,498,719</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,932,126</u>	<u>\$ 1,932,126</u>	<u>\$ 1,910,575</u>	<u>\$ (21,551)</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
State Drug Enforcement
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	-	119,615	119,615
Investment income	-	-	178	178
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>119,793</u>	<u>119,793</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	32,000	32,000	14,769	17,231
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>32,000</u>	<u>32,000</u>	<u>14,769</u>	<u>17,231</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>32,000</u>	<u>32,000</u>	<u>14,769</u>	<u>17,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,000)</u>	<u>(32,000)</u>	<u>105,024</u>	<u>137,024</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(32,000)	(32,000)	105,024	137,024
Fund balances, beginning of year	<u>66,597</u>	<u>66,597</u>	<u>66,597</u>	<u>-</u>
Fund balances, end of year	<u>\$ 34,597</u>	<u>\$ 34,597</u>	<u>\$ 171,620</u>	<u>\$ 137,024</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Federal Drug Enforcement - Department of Justice
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	180,000	454,642	274,642
Investment income	-	-	758	758
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>180,000</u>	<u>455,400</u>	<u>275,400</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	364,525	417,525	255,517	162,008
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>364,525</u>	<u>417,525</u>	<u>255,517</u>	<u>162,008</u>
Capital outlays	288,834	456,834	266,507	190,327
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>653,359</u>	<u>874,359</u>	<u>522,024</u>	<u>352,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(653,359)</u>	<u>(694,359)</u>	<u>(66,624)</u>	<u>627,735</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(653,359)	(694,359)	(66,624)	627,735
Fund balances, beginning of year	<u>694,617</u>	<u>694,617</u>	<u>694,617</u>	<u>-</u>
Fund balances, end of year	<u>\$ 41,258</u>	<u>\$ 258</u>	<u>\$ 627,993</u>	<u>\$ 627,735</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Federal Drug Enforcement - Department of Treasury
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	-	356,424	356,424
Investment income	-	-	87	87
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>356,512</u>	<u>356,512</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlays	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>356,512</u>	<u>356,512</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	356,512	356,512
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 356,512</u>	<u>\$ 356,512</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
CDBG
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	520,279	530,279	451,339	(78,940)
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>520,279</u>	<u>530,279</u>	<u>451,339</u>	<u>(78,940)</u>
Expenditures				
Current operations				
General government	140,028	132,909	60,276	72,633
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>140,028</u>	<u>132,909</u>	<u>60,276</u>	<u>72,633</u>
Capital outlays	380,251	397,370	391,064	6,306
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>520,279</u>	<u>530,279</u>	<u>451,339</u>	<u>78,940</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Court and Corrections
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	1,006,200	1,006,200	911,779	(94,421)
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	10,000	10,000	11,140	1,140
Other	-	-	-	-
Total revenues	<u>1,016,200</u>	<u>1,016,200</u>	<u>922,919</u>	<u>(93,281)</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	1,943,649	1,901,304	1,754,721	146,583
Library	-	-	-	-
Municipal court	1,285,043	1,311,577	1,256,448	55,129
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>3,228,692</u>	<u>3,212,881</u>	<u>3,011,170</u>	<u>201,711</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>3,228,692</u>	<u>3,212,881</u>	<u>3,011,170</u>	<u>201,711</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,212,492)</u>	<u>(2,196,681)</u>	<u>(2,088,251)</u>	<u>108,430</u>
Other financing sources (uses)				
Transfers in	2,212,492	2,196,681	2,088,251	(108,430)
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>2,212,492</u>	<u>2,196,681</u>	<u>2,088,251</u>	<u>(108,430)</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Traffic Safety
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	400,000	400,000	320,850	(79,150)
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>320,850</u>	<u>(79,150)</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	976,000	-	-	-
Library	-	-	-	-
Municipal court	86,592	216,592	57,257	159,335
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>1,062,592</u>	<u>216,592</u>	<u>57,257</u>	<u>159,335</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,062,592</u>	<u>216,592</u>	<u>57,257</u>	<u>159,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(662,592)</u>	<u>183,408</u>	<u>263,593</u>	<u>80,185</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(662,592)	183,408	263,593	80,185
Fund balances, beginning of year	<u>863,827</u>	<u>863,827</u>	<u>863,827</u>	<u>-</u>
Fund balances, end of year	<u>\$ 201,235</u>	<u>\$ 1,047,235</u>	<u>\$ 1,127,420</u>	<u>\$ 80,185</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Court Training
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	40,000	40,000	36,323	(3,677)
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>36,323</u>	<u>(3,677)</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	175,520	175,520	14,659	160,861
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>175,520</u>	<u>175,520</u>	<u>14,659</u>	<u>160,861</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>175,520</u>	<u>175,520</u>	<u>14,659</u>	<u>160,861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(135,520)</u>	<u>(135,520)</u>	<u>21,664</u>	<u>157,184</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(135,520)	(135,520)	21,664	157,184
Fund balances, beginning of year	<u>150,158</u>	<u>150,158</u>	<u>150,158</u>	<u>-</u>
Fund balances, end of year	<u>\$ 14,638</u>	<u>\$ 14,638</u>	<u>\$ 171,822</u>	<u>\$ 157,184</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Court Referral Officer Program
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	64,440	64,440	72,988	8,548
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	70,000	70,000	77,146	7,146
Other	-	-	-	-
Total revenues	<u>134,440</u>	<u>134,440</u>	<u>150,134</u>	<u>15,694</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	135,086	135,086	126,084	9,002
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>135,086</u>	<u>135,086</u>	<u>126,084</u>	<u>9,002</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>135,086</u>	<u>135,086</u>	<u>126,084</u>	<u>9,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(646)</u>	<u>(646)</u>	<u>24,050</u>	<u>24,696</u>
Other financing sources (uses)				
Transfers in	646	646	-	(646)
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>646</u>	<u>646</u>	<u>-</u>	<u>(646)</u>
Net change in fund balances	-	-	24,050	24,050
Fund balances, beginning of year	<u>17,387</u>	<u>17,387</u>	<u>17,387</u>	<u>-</u>
Fund balances, end of year	<u>\$ 17,387</u>	<u>\$ 17,387</u>	<u>\$ 41,437</u>	<u>\$ 24,050</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Grants
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,139,931	1,627,140	637,081	(990,059)
Fines and forfeits	-	-	-	-
Investment income	-	17	24	7
Rents and royalties	-	-	-	-
Contributions and reimbursements	5,000	15,000	10,931	(4,069)
Charges for services	-	-	2,200	2,200
Other	-	-	-	-
Total revenues	<u>1,144,931</u>	<u>1,642,157</u>	<u>650,236</u>	<u>(991,921)</u>
Expenditures				
Current operations				
General government	361,800	361,800	-	361,800
Public safety	516,007	847,858	558,759	289,099
Library	173,400	172,949	166,820	6,129
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	303,074	303,074	100,335	202,739
Recreation services	68,265	72,482	64,523	7,959
Health	-	-	-	-
Total	<u>1,422,546</u>	<u>1,758,163</u>	<u>890,437</u>	<u>867,726</u>
Capital outlays	90,200	271,000	88,939	182,061
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,512,746</u>	<u>2,029,163</u>	<u>979,376</u>	<u>1,049,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(367,815)</u>	<u>(387,006)</u>	<u>(329,140)</u>	<u>57,866</u>
Other financing sources (uses)				
Transfers in	268,701	288,343	286,076	(2,267)
Transfers out	-	(454)	(453)	1
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>268,701</u>	<u>287,889</u>	<u>285,623</u>	<u>(2,266)</u>
Net change in fund balances	(99,114)	(99,117)	(43,517)	55,600
Fund balances, beginning of year	<u>99,120</u>	<u>99,120</u>	<u>99,120</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6</u>	<u>\$ 3</u>	<u>\$ 55,603</u>	<u>\$ 55,600</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Other Capital Projects Fund
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	25,284,888	23,934,150	411,142	(23,523,008)
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>25,284,888</u>	<u>23,934,150</u>	<u>411,142</u>	<u>(23,523,008)</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlays	25,284,888	23,934,150	411,142	23,523,008
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>25,284,888</u>	<u>23,934,150</u>	<u>411,142</u>	<u>23,523,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Capital Projects Fund
For the year ended September 30, 2010

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	-	-	-	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	120,500	22,880	(97,620)
Fines and forfeits	-	25,775	25,775	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	1,612,958	1,615,958	8,560	(1,607,398)
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>1,612,958</u>	<u>1,762,233</u>	<u>57,215</u>	<u>(1,705,018)</u>
Expenditures				
Current operations				
General government	566,942	666,942	244,175	422,767
Public safety	71,191	146,191	42,147	104,045
Library	-	85,000	74,114	10,886
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	148,810	199,709	72,410	127,299
Recreation services	52,916	353,416	317,364	36,052
Health	-	-	-	-
Total	<u>839,859</u>	<u>1,451,258</u>	<u>750,209</u>	<u>701,049</u>
Capital outlays	12,563,289	12,883,279	1,290,192	11,593,087
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>13,403,148</u>	<u>14,334,537</u>	<u>2,040,401</u>	<u>12,294,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,790,190)</u>	<u>(12,572,304)</u>	<u>(1,983,186)</u>	<u>10,589,118</u>
Other financing sources (uses)				
Transfers in	500,000	6,876,878	6,088,461	(788,417)
Transfers out	(2,511,257)	(1,954,587)	(860,515)	1,094,072
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>(2,011,257)</u>	<u>4,922,291</u>	<u>5,227,946</u>	<u>305,655</u>
Special Items				
Proceeds from the sale of land	-	-	-	-
Net change in fund balances	(13,801,447)	(7,650,013)	3,244,760	10,894,773
Fund balances, beginning of year	<u>16,094,092</u>	<u>16,094,092</u>	<u>16,094,092</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,292,645</u>	<u>\$ 8,444,079</u>	<u>\$ 19,338,852</u>	<u>\$ 10,894,773</u>

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Hoover's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	119
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	127
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the sales tax. Schedules relating to property tax and sewer rates are also included.</i>	
Debt Capacity	135
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	139
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	141
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	
Other	144
<i>This schedule is a summary of information that is often requested by citizens and other interested individuals.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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THE CITY OF HOOVER, ALABAMA
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 209,575,702	\$ 234,374,666	\$ 244,624,314	\$ 277,008,402	\$ 307,721,567	\$ 299,036,189	\$ 300,474,712	\$ 315,155,565
Restricted capital projects	-	-	42,821,354	26,859,710	31,654,643	25,323,478	22,904,794	18,749,479	14,921,949	21,707,247
Restricted for enabling legislation	-	-	-	-	-	4,190,334	4,408,972	3,318,260	4,104,890	6,121,528
Unrestricted	-	-	24,419,598	26,920,917	28,134,223	29,621,882	28,657,385	23,342,942	25,030,075	22,944,883
Total governmental activities net assets	\$ -	\$ -	\$ 276,816,654	\$ 288,155,293	\$ 304,413,180	\$ 336,144,095	\$ 363,692,718	\$ 344,446,870	\$ 344,531,626	\$ 365,929,222
Business-type activities										
Invested in capital assets, net of related debt			\$ 23,604,673	\$ 23,000,983	\$ 22,498,465	\$ 21,852,572	\$ 24,206,035	\$ 22,413,719	\$ 20,744,083	\$ 19,258,810
Restricted capital projects			-	-	-	-	-	-	-	-
Restricted for enabling legislation			-	-	-	-	-	-	-	-
Unrestricted			(1,720,052)	(245,855)	1,372,757	3,672,145	2,100,616	5,037,955	5,396,604	5,161,471
Total business-type activities net assets	\$ -	\$ -	\$ 21,884,621	\$ 22,755,128	\$ 23,871,222	\$ 25,524,717	\$ 26,306,651	\$ 27,451,674	\$ 26,140,686	\$ 24,420,281
Primary government										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 233,180,375	\$ 257,375,649	\$ 267,122,779	\$ 298,860,973	\$ 331,927,602	\$ 321,449,908	\$ 321,218,795	\$ 334,414,375
Restricted capital projects	-	-	42,821,354	26,859,710	31,654,643	25,323,478	22,904,794	18,749,479	14,921,949	21,707,247
Restricted for enabling legislation	-	-	-	-	-	4,190,334	4,408,972	3,318,260	4,104,890	6,121,528
Unrestricted	-	-	22,699,546	26,675,062	29,506,980	33,294,028	30,758,001	28,380,897	30,426,678	28,106,354
Total primary government net assets	\$ -	\$ -	\$ 298,701,275	\$ 310,910,421	\$ 328,284,401	\$ 361,668,812	\$ 389,999,369	\$ 371,898,544	\$ 370,672,312	\$ 390,349,503

Note: Fiscal year 2003 represented the first year of implementation for GASB Statement No. 34, which is why prior to that data is not shown.

¹ Fiscal years 2003, 2004, 2006, and 2007 do not reflect prior period adjustments that were made in the subsequent year relating to capital assets

² Fiscal year 2006 represented the first year for application of restrictions for enabling legislation

THE CITY OF HOOVER, ALABAMA
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses										
Governmental activities:										
General government	\$ -	\$ -	\$ 9,441,739	\$ 10,372,215	\$ 9,805,408	\$ 11,194,315	\$ 12,553,950	\$ 12,159,259	\$ 12,843,118	\$ 12,459,943
Public safety	-	-	29,387,299	32,635,142	35,433,552	40,463,403	41,027,148	43,244,312	43,857,205	42,186,343
Library	-	-	4,127,449	4,295,061	4,615,218	5,016,881	5,290,808	5,668,188	6,123,208	6,217,356
Municipal court	-	-	680,343	756,248	930,830	1,188,252	1,331,392	1,479,847	1,617,927	1,560,283
Sanitation	-	-	4,546,886	4,210,995	4,530,331	4,803,993	5,100,516	5,478,464	5,658,314	5,843,793
Education	-	-	7,560,622	8,335,662	1,895,404	7,100,000	7,500,000	7,500,000	2,000,000	2,000,000
Highway and roadway improvements	-	-	4,456,794	4,610,589	5,175,085	5,436,669	7,067,730	9,226,304	12,148,929	7,831,687
Recreation services	-	-	6,161,563	6,131,735	6,321,075	7,321,789	7,432,739	8,116,588	9,002,873	8,908,303
Health	-	-	208,017	238,379	227,382	253,155	260,070	287,748	268,116	268,098
Interest and fiscal charges	-	-	4,195,659	5,264,484	4,227,036	4,764,408	4,639,784	4,475,264	4,282,869	4,118,153
Total governmental activities expenses	-	-	70,766,371	76,850,511	73,161,322	87,542,865	92,204,137	97,635,973	97,802,558	91,393,959
Business-type activities:										
Sewer services	-	-	3,654,400	3,189,092	3,225,498	3,613,950	3,297,871	3,637,809	5,259,834	5,779,443
Total business-type activities expenses	-	-	3,654,400	3,189,092	3,225,498	3,613,950	3,297,871	3,637,809	5,259,834	5,779,443
Total primary government expenses	\$ -	\$ -	\$ 74,420,771	\$ 80,039,603	\$ 76,386,820	\$ 91,156,815	\$ 95,502,008	\$ 101,273,782	\$ 103,062,392	\$ 97,173,402
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ -	\$ -	\$ 4,092,060	\$ 4,359,687	\$ 4,685,921	\$ 4,946,810	\$ 5,209,005	\$ 5,446,391	\$ 5,220,064	\$ 5,329,379
Public safety	-	-	5,057,430	6,267,496	5,517,548	6,510,590	7,010,384	5,646,968	2,608,890	4,907,942
Library	-	-	219,955	217,273	243,539	273,053	311,405	328,096	334,370	378,425
Municipal court	-	-	1,103,584	1,163,474	1,572,652	2,213,768	2,421,341	2,322,209	3,554,359	2,924,037
Sanitation	-	-	6,450	5,700	6,450	6,300	6,450	7,200	7,350	7,050
Highway and roadway improvements	-	-	1,863	12,170	-	40,095	-	170,904	118,153	150,419
Recreation services	-	-	1,231,054	1,257,087	1,194,290	1,356,777	1,537,513	1,508,068	1,512,610	1,546,139
Health	-	-	-	-	-	-	-	150	-	1,000
Operating grants and contributions	-	-	2,282,895	2,254,587	3,238,564	2,401,585	2,869,700	3,900,377	5,596,094	3,569,003
Capital grants and contributions	-	-	3,358,490	384,234	234,974	103,719	3,170,596	2,720,341	1,447,809	15,333,481
Total governmental activities program revenues	-	-	17,353,781	15,921,708	16,693,938	17,852,697	22,536,394	22,050,704	20,399,700	34,146,875
Business-type activities:										
Charges for services:										
Sewer services	-	-	3,244,883	4,059,598	4,336,371	5,267,445	3,883,098	4,623,611	3,924,511	4,050,686
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	5,200	-	-	-	-	-
Total business-type activities program revenues	-	-	3,244,883	4,059,598	4,341,571	5,267,445	3,883,098	4,623,611	3,924,511	4,050,686
Total primary government program revenues	\$ -	\$ -	\$ 20,598,664	\$ 19,981,306	\$ 21,035,510	\$ 23,120,142	\$ 26,419,492	\$ 26,674,315	\$ 24,324,211	\$ 38,197,561

THE CITY OF HOOVER, ALABAMA
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Continued										
Net (expense)/revenue										
Governmental activities	\$ -	\$ -	\$ (53,412,590)	\$ (60,928,803)	\$ (56,467,384)	\$ (69,690,169)	\$ (69,667,743)	\$ (75,585,268)	\$ (77,402,858)	\$ (57,247,085)
Business-type activities	-	-	(409,517)	870,506	1,116,073	1,653,495	585,227	985,802	(1,335,323)	(1,728,757)
Total primary government net expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (53,822,107)</u>	<u>\$ (60,058,297)</u>	<u>\$ (55,351,311)</u>	<u>\$ (68,036,673)</u>	<u>\$ (69,082,516)</u>	<u>\$ (74,599,467)</u>	<u>\$ (78,738,181)</u>	<u>\$ (58,975,842)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Sales and use taxes	-	-	47,552,917	52,097,889	56,449,217	59,153,632	59,301,855	56,570,198	53,182,053	54,755,461
Property taxes	-	-	6,705,083	7,712,457	8,053,100	8,788,687	9,418,548	10,212,487	10,475,368	10,346,796
Franchise taxes	-	-	638,415	669,243	665,780	704,528	759,067	799,548	845,086	905,611
Gross receipts taxes	-	-	2,663,109	2,763,264	3,026,932	3,425,989	3,793,381	4,548,169	4,364,862	4,592,061
Other taxes	-	-	2,655,367	2,858,598	2,949,342	3,550,373	3,608,481	3,602,409	3,343,913	3,575,726
Intergovernmental shared revenues	-	-	1,935,834	2,215,218	2,398,968	2,842,123	2,904,688	2,630,712	2,998,692	2,517,021
Investment earnings	-	-	1,378,214	1,790,353	1,971,416	2,484,355	3,629,529	2,876,275	2,218,558	1,776,945
Other revenue	-	-	492,661	209,333	321,894	311,014	394,835	195,698	145,068	175,059
Gain (loss) on sale of disposed equipment ¹	-	-	(10,336)	-	4,986	282,527	(128,757)	89,151	(85,987)	-
Contribution of capital assets ²	-	-	-	141,094	525,535	20,913,209	-	-	-	-
Special items	-	-	-	-	(6,656,318)	(1,035,353)	(72,877)	-	-	-
Total governmental activities	<u>-</u>	<u>-</u>	<u>64,011,264</u>	<u>70,457,451</u>	<u>69,710,852</u>	<u>101,421,086</u>	<u>83,608,750</u>	<u>81,524,649</u>	<u>77,487,614</u>	<u>78,644,681</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	196,707	159,212	24,335	8,352
Other revenues	-	-	-	-	21	-	-	10	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>196,707</u>	<u>159,222</u>	<u>24,335</u>	<u>8,352</u>
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,011,264</u>	<u>\$ 70,457,451</u>	<u>\$ 69,710,873</u>	<u>\$ 101,421,086</u>	<u>\$ 83,805,457</u>	<u>\$ 81,683,870</u>	<u>\$ 77,511,949</u>	<u>\$ 78,653,033</u>
Change in Net Assets										
Governmental activities	-	-	10,598,674	9,528,648	13,243,468	31,730,917	13,941,007	5,939,380	84,756	21,397,596
Business-type activities	-	-	(409,517)	870,506	1,116,093	1,653,495	781,934	1,145,023	(1,310,988)	(1,720,405)
Total primary government	<u>-</u>	<u>-</u>	<u>10,189,157</u>	<u>10,399,154</u>	<u>14,359,562</u>	<u>33,384,413</u>	<u>14,722,941</u>	<u>7,084,403</u>	<u>(1,226,232)</u>	<u>19,677,191</u>

Note: Fiscal year 2003 represented the first year of implementation for GASB Statement No. 34, which is why prior to that data is not shown.

¹ Loss on sale of disposed assets is reflected in general government expenses beginning in FY 2010.

² Contribution of capital assets was changed in FY 2007 and is shown with the category of program income - capital grants and contributions.

THE CITY OF HOOVER, ALABAMA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved for non-current receivable	¹ \$ 961,155	\$ 887,601	\$ 777,445	\$ 680,670	\$ 549,980	\$ 393,180	\$ 324,580	\$ 289,706	\$ 260,306	\$ 234,581
Reserved other	32,896	90,199	-	99,040	158,803	340,345	321,988	135,011	102,556	104,598
Unreserved	² 20,080,973	23,499,652	26,815,425	28,487,586	29,722,353	30,266,475	30,453,433	30,775,283	30,937,137	31,060,821
Total general fund	<u>21,075,024</u>	<u>24,477,452</u>	<u>27,592,870</u>	<u>29,267,296</u>	<u>30,431,137</u>	<u>31,000,000</u>	<u>31,100,000</u>	<u>31,200,000</u>	<u>31,300,000</u>	<u>31,400,000</u>
All other governmental funds										
Reserved for capital projects	³ \$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,323,478	\$ 22,904,794	\$ 18,072,292	\$ 13,439,823	\$ 12,483,560
Unreserved, reported in:										
Special revenue funds	3,029,069	2,569,939	3,007,427	4,387,930	4,434,302	4,190,334	4,408,972	3,995,447	5,587,016	8,016,726
Capital projects funds	10,867,360	10,996,703	42,821,354	26,859,710	31,654,643	8,341,289	7,756,861	1,621,564	3,299,444	7,328,489
Total all other governmental funds	<u>13,896,429</u>	<u>13,566,642</u>	<u>45,828,781</u>	<u>31,247,640</u>	<u>36,088,945</u>	<u>37,855,101</u>	<u>35,070,627</u>	<u>23,689,303</u>	<u>22,326,283</u>	<u>27,828,774</u>
Total all governmental funds	<u>34,971,453</u>	<u>38,044,094</u>	<u>73,421,651</u>	<u>60,514,936</u>	<u>66,520,082</u>	<u>68,855,101</u>	<u>66,170,628</u>	<u>54,889,303</u>	<u>53,626,283</u>	<u>59,228,774</u>

¹ Fiscal year 2001 resulted in a correction of the non-current receivable in the amount of \$3,017,028 for fiscal years 2000 and prior years.

² Fiscal year 2001 resulted in a correction of capital outlay expenditures which in effect increased the General Fund balance by \$4,757,528 and correspondingly decreased the Capital Projects fund balance by the same.

³ Fiscal year 2006 began a reservation in fund balance for ongoing capital projects in the special revenue and capital projects funds.

THE CITY OF HOOVER, ALABAMA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 49,904,277	\$ 55,006,564	\$ 60,214,892	\$ 66,101,452	\$ 71,144,371	\$ 75,623,209	\$ 76,881,332	\$ 75,732,812	\$ 72,211,282	\$ 74,175,655
Licenses and permits	9,351,131	10,254,746	7,774,194	8,750,751	8,498,490	8,987,468	8,753,625	9,046,084	6,229,574	6,875,431
Intergovernmental	3,254,141	3,888,795	5,952,367	4,095,296	5,474,758	4,471,897	5,815,390	6,116,648	6,290,266	5,409,712
Fines and forfeits	1,219,308	1,150,399	1,277,982	1,881,578	2,084,735	3,417,653	4,465,564	2,877,027	3,716,045	4,054,336
Investment income	3,020,823	1,693,602	1,379,526	1,795,771	1,980,059	2,540,019	3,728,266	2,929,797	2,222,208	1,778,099
Rents and royalties	-	-	358,432	375,860	442,924	517,281	700,954	867,877	815,932	879,945
Contributions and reimbursements	-	-	1,439,052	758,743	397,747	874,490	978,704	1,518,762	3,702,758	1,061,255
Charges for services	1,209,952	1,195,571	2,285,998	2,269,281	2,185,504	2,377,059	2,487,467	2,585,195	2,590,304	3,433,024
Other	779,188	757,418	1,389,750	209,312	432,568	692,757	410,956	320,355	212,088	216,739
Total revenues	68,738,820	73,947,095	82,072,193	86,238,043	92,641,156	99,501,833	104,222,257	101,994,557	97,990,456	97,884,197
Expenditures										
General government	\$ 7,023,759	\$ 8,074,561	\$ 8,031,148	\$ 9,584,128	\$ 8,771,404	\$ 9,818,864	\$ 11,158,288	\$ 11,710,365	\$ 11,587,522	\$ 11,344,500
Public safety	24,094,085	25,381,046	27,941,659	30,959,270	34,307,370	37,496,799	40,173,371	42,161,966	40,873,486	41,051,186
Library	59,570	-	3,874,224	4,120,702	4,333,627	4,756,851	5,044,181	5,395,337	5,754,381	5,970,683
Municipal court	722,358	624,373	671,634	729,106	930,994	1,143,148	1,319,497	1,475,630	1,573,105	1,575,472
Sanitation	4,272,614	4,371,521	4,546,886	4,210,995	4,494,543	4,803,993	5,100,516	5,478,464	5,658,314	5,843,793
Education	-	-	7,560,622	8,335,662	1,895,404	7,100,000	7,500,000	7,500,000	2,000,000	2,000,000
Highway and roadway improvements	2,256,317	3,032,938	3,583,649	3,289,738	4,130,672	4,715,687	4,501,009	6,088,176	6,074,324	5,081,039
Recreation services	299,377	2,431,397	5,190,949	5,684,917	5,426,654	6,319,400	6,345,982	6,891,524	7,217,549	7,626,551
Health	211,910	418,807	197,634	205,191	220,172	239,925	252,973	281,702	256,706	262,444
Capital outlays	12,258,851	8,129,245	17,953,337	22,739,679	6,888,827	11,320,900	16,274,396	17,151,186	9,098,607	2,500,123
Debt service										
Principal	3,225,000	3,370,000	4,355,000	4,095,000	4,760,000	4,585,000	4,670,000	4,805,000	5,020,000	5,050,000
Interest	4,798,122	4,071,665	4,058,279	5,185,590	4,366,420	4,613,046	4,488,630	4,331,633	4,134,583	3,971,966
Fiscal agent fees	3,600	4,800	3,235	4,800	6,817	3,899	5,010	4,900	4,900	3,950
Bond issuance costs	-	-	764,499	-	299,814	-	-	-	-	-
Total expenditures	59,225,563	59,910,353	88,732,755	99,144,778	80,832,716	96,917,512	106,833,852	113,275,882	99,253,477	92,281,706
Excess of revenues over (under) expenditures	9,513,257	14,036,742	(6,660,562)	(12,906,735)	11,808,439	2,584,321	(2,611,596)	(11,281,324)	(1,263,021)	5,602,492
Other financing sources (uses)										
Transfers in	8,827,706	4,415,471	6,212,202	-	25,603,806	27,902,907	31,159,272	27,599,752	25,383,211	28,097,325
Transfers out	(8,827,706)	(4,415,471)	(6,212,202)	-	(25,603,806)	(27,902,907)	(31,159,272)	(27,599,752)	(25,383,211)	(28,097,325)
Transfers out component units	(19,708,178)	(11,080,323)	-	-	-	-	-	-	-	-
Proceeds of general obligation warrants	-	-	-	-	-	-	-	-	-	-
Capital portion of refunding bonds issued	-	-	41,957,326	-	-	-	-	-	-	-
Refunding bonds issued	-	-	40,567,674	-	29,165,000	-	-	-	-	-
Premium on bonds issued	-	-	-	-	1,934,793	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	(40,567,674)	-	(30,787,042)	-	-	-	-	-
Discount on refunding bonds issued	-	-	(109,456)	-	-	-	-	-	-	-
Total other financing sources (uses)	(19,708,178)	(11,080,323)	41,847,870	-	312,751	-	-	-	-	-
Residual equity transfer from internal service fund	-	116,222	-	-	-	-	-	-	-	-
Special items	-	-	-	-	(6,116,046)	(249,303)	(72,877)	-	-	-
Net changes in fund balances	\$ (10,194,921)	\$ 3,072,641	\$ 35,187,308	\$ (12,906,735)	\$ 6,005,145	\$ 2,335,018	\$ (2,684,473)	\$ (11,281,324)	\$ (1,263,021)	\$ 5,602,492
Debt service as a percentage of noncapital expenditures	17.09%	14.38%	11.75%	12.05%	12.24%	10.73%	9.97%	9.32%	9.64%	9.89%

¹ With the implementation of GASB Statement No. 34, some revenue classification were created and/or changed. Gross receipts and franchise revenues were reclassified from licenses and permits to taxes.

² The library was changed from a component unit to a department within the General Fund in fiscal year 2003.

³ The schools were removed as a component unit in fiscal year 2003.

⁴ The parks and recreation department was changed from a component unit to a department within the General Fund in fiscal year 2003.

THE CITY OF HOOVER, ALABAMA
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Sales and Use Taxes	Property Taxes Real/Per/Util	Property Taxes Motor Vehicles	In Lieu of Property Taxes	Rental Taxes	Gross Receipts and Franchise Taxes	Other Municipal Taxes	Total
2001	40,994,618	5,485,911	786,228	47,828	633,272	-	1,956,420	49,904,277
2002	43,986,058	5,629,498	764,783	69,211	609,632	-	1,861,619	52,920,801
2003 ¹	47,552,917	5,900,922	804,160	8,847	659,009	3,301,523	1,987,514	60,214,892
2004	52,097,889	6,839,985	872,472	8,847	674,964	3,432,507	2,174,787	66,101,452
2005	56,449,217	7,086,799	966,301	8,847	661,148	3,692,712	2,279,347	71,144,371
2006	59,153,632	7,713,133	1,075,554	8,947	738,330	4,130,516	2,803,096	75,623,209
2007	59,301,855	8,523,963	894,585	-	720,749	4,552,448	2,887,732	76,881,332
2008	56,570,198	9,327,227	885,260	-	778,752	5,347,718	2,823,657	75,732,812
2009	53,182,053	9,645,981	829,388	8,847	644,966	5,209,947	2,690,100	72,211,282
2010	54,755,461	9,537,895	808,901	-	766,826	5,497,673	2,808,900	74,175,655

¹ With the implementation of GASB Statement No. 34, the City reclassified some accounts to the Taxes category that had not been previously classified as such.

THE CITY OF HOOVER, ALABAMA
Components of Sales Tax Revenue
Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Merchandise Retail	\$ 29,302,953	\$ 31,441,234	\$ 33,990,825	\$ 37,239,571	\$ 40,349,900	\$ 42,283,016	\$ 42,388,966	\$ 40,436,378	\$ 38,014,531	\$ 39,139,204
Auto Dealers and Supplies	3,349,260	3,593,661	3,885,073	4,256,398	4,611,901	4,832,852	4,844,962	4,621,785	4,344,974	4,473,521
Grocery Stores	2,230,107	2,392,842	2,586,879	2,834,125	3,070,837	3,217,958	3,226,021	3,077,419	2,893,104	2,978,697
Restaurants	3,505,040	3,760,808	4,065,774	4,454,370	4,826,408	5,057,636	5,070,309	4,836,752	4,547,066	4,681,592
Home Furnishings & Appliances	450,941	483,847	523,082	573,077	620,941	650,690	652,320	622,272	585,003	602,310
Pharmacy	286,962	307,902	332,870	364,685	395,145	414,075	415,113	395,991	372,274	383,288
Other Sales	1,869,355	2,005,764	2,168,413	2,375,664	2,574,084	2,697,406	2,704,165	2,579,601	2,425,102	2,496,849
Total	\$ 40,994,618	\$ 43,986,058	\$ 47,552,917	\$ 52,097,889	\$ 56,449,217	\$ 59,153,632	\$ 59,301,855	\$ 56,570,198	\$ 53,182,053	\$ 54,755,461

The City's portion or direct sales tax rate is 3% for all years shown above.

¹ These are estimates provided by the City Revenue Department. Sales tax data is not currently tracked by component.

THE CITY OF HOOVER, ALABAMA
Revenue Rates for General Sales Tax
Last Ten Fiscal Years

Jefferson County ¹	<u>Fiscal Year</u>	<u>City Sales Tax Rate</u>	<u>County Sales Tax Rate</u>	<u>State Sales Tax Rate</u>	<u>Total Sales Tax Rate</u>
	2001	3.0%	1.0%	4.0%	8.0%
	2002	3.0%	1.0%	4.0%	8.0%
	2003	3.0%	1.0%	4.0%	8.0%
	2004	3.0%	1.0%	4.0%	8.0%
	2005	3.0%	2.0%	4.0%	9.0%
	2006	3.0%	2.0%	4.0%	9.0%
	2007	3.0%	2.0%	4.0%	9.0%
	2008	3.0%	2.0%	4.0%	9.0%
	2009	3.0%	2.0%	4.0%	9.0%
	2010	3.0%	2.0%	4.0%	9.0%

Shelby County ²	<u>Fiscal Year</u>	<u>City Sales Tax Rate</u>	<u>County Sales Tax Rate</u>	<u>State Sales Tax Rate</u>	<u>Total Sales Tax Rate</u>
	2001	3.0%	1.0%	4.0%	8.0%
	2002	3.0%	1.0%	4.0%	8.0%
	2003	3.0%	1.0%	4.0%	8.0%
	2004	3.0%	1.0%	4.0%	8.0%
	2005	3.0%	1.0%	4.0%	8.0%
	2006	3.0%	1.0%	4.0%	8.0%
	2007	3.0%	1.0%	4.0%	8.0%
	2008	3.0%	1.0%	4.0%	8.0%
	2009	3.0%	1.0%	4.0%	8.0%
	2010	3.0%	1.0%	4.0%	8.0%

Source: State of Alabama Department of Revenue and The City of Hoover Revenue Department

¹ Jefferson County passed a 1% sales tax increase effective January 1, 2005 that was dedicated to schools within the County.

² Shelby County had 1% of its 2% tax rate end on April 1, 2001.

THE CITY OF HOOVER, ALABAMA
Revenue Rates for Automobile Sales Tax
Last Ten Fiscal Years

Jefferson County ¹	<u>Fiscal Year</u>	<u>City Auto Tax Rate*</u>	<u>County Auto Tax Rate</u>	<u>State Auto Tax Rate</u>	<u>Total Auto Tax Rate</u>
	2001	0.750%	0.375%	2.000%	3.125%
	2002	1.000%	0.375%	2.000%	3.375%
	2003	1.000%	0.375%	2.000%	3.375%
	2004	1.000%	0.375%	2.000%	3.375%
	2005	1.000%	0.750%	2.000%	3.750%
	2006	1.000%	0.750%	2.000%	3.750%
	2007	1.000%	0.750%	2.000%	3.750%
	2008	1.000%	0.750%	2.000%	3.750%
	2009	1.000%	0.750%	2.000%	3.750%
	2010	1.000%	0.750%	2.000%	3.750%

Shelby County ²	<u>Fiscal Year</u>	<u>City Auto Tax Rate</u>	<u>County Auto Tax Rate</u>	<u>State Auto Tax Rate</u>	<u>Total Auto Tax Rate</u>
	2001	0.750%	0.675%	2.000%	3.425%
	2002	1.000%	0.375%	2.000%	3.375%
	2003	1.000%	0.375%	2.000%	3.375%
	2004	1.000%	0.375%	2.000%	3.375%
	2005	1.000%	0.375%	2.000%	3.375%
	2006	1.000%	0.375%	2.000%	3.375%
	2007	1.000%	0.375%	2.000%	3.375%
	2008	1.000%	0.375%	2.000%	3.375%
	2009	1.000%	0.375%	2.000%	3.375%
	2010	1.000%	0.375%	2.000%	3.375%

Source: State of Alabama Department of Revenue and The City of Hoover Revenue Department

* The City of Hoover increased their auto sales tax rate effective January 1, 2002.

¹ Jefferson County increased the auto sales tax rate effective January 1, 2005.

² Shelby County lowered their auto sales tax rate effective April 1, 2001.

THE CITY OF HOOVER, ALABAMA
Principal Sales and Use Taxpayers
Current Year and Nine Years Ago

	Calendar Year ¹	
	2010	2001
	Rank	Rank
Wal-mart - 280 location	1	
Wal-mart - 150 location (formerly US 31 location)	2	2
Costco	3	
Sam's Club	4	8
Belk (formerly Parisian)	5	1
Publix - Highway 280 location	6	
Target	7	
Best Buy	8	
CarMax	9	
Macy's (Galleria/Rich's)	10	3
Home Depot (Highway 280 location)		4
Home Depot (Galleria)		5
Lowe's (Valleydale)		6
Bellsouth Telecommunications		7
Bruno's Food & Pharmacy - Riverchase Village		9
EDS Information Services LLC		10
 Total Sales and Use Taxes - Principal Payers	 27.21%	 23.44%

Note: State law prohibits the disclosure of confidential taxpayer data, such as the amount of sales tax remitted for individual businesses

¹ The license year for businesses runs on a calendar year basis, which is what is reported here.

Source: The City of Hoover Revenue Department

THE CITY OF HOOVER, ALABAMA
Gross Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Jefferson County:

Fiscal Year	Real Property		Personal Property (A)		Public Utility Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2001	\$ 429,824,616	\$ 3,079,857,720	\$ 56,515,655	\$ 282,578,275	\$ 75,004,250	\$ 250,014,142	\$ 561,344,521	\$ 3,612,450,137	15.54%
2002	444,687,947	3,195,469,305	51,401,597	257,007,985	59,203,660	197,345,514	555,293,204	3,649,822,804	15.21%
2003	460,220,484	3,318,482,231	60,812,830	304,064,150	62,513,240	208,377,467	583,546,554	3,830,923,848	15.23%
2004	531,348,660	3,815,581,059	78,418,828	392,094,140	67,132,840	335,664,200	676,900,328	4,543,339,399	14.90%
2005	561,355,711	4,135,731,086	69,111,960	345,559,800	67,092,040	223,640,133	697,559,711	4,704,931,019	14.83%
2006	609,737,802	4,766,875,285	76,308,794	381,543,970	73,977,240	246,588,334	760,023,836	5,395,007,589	14.09%
2007	740,242,802	5,187,041,365	80,073,115	400,365,575	75,822,180	252,740,595	896,138,097	5,840,147,535	15.34%
2008	815,979,995	5,827,708,810	88,650,383	443,401,915	74,818,360	249,394,533	979,448,738	6,520,505,258	15.02%
2009	871,487,443	6,245,090,738	80,586,224	393,032,108	69,671,380	206,315,000	1,021,745,047	6,844,437,846	14.93%
2010	866,426,114	6,600,123,303	78,606,422	376,061,227	61,894,500	152,862,533	1,006,927,036	7,129,047,063	14.12%

Shelby County:

Fiscal Year	Real Property		Personal Property (A)		Public Utility Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2001	\$ 267,904,640	\$ 1,999,649,200	\$ 29,475,340	\$ 147,376,700	\$ 4,579,560	\$ 15,265,200	\$ 301,959,540	\$ 2,162,291,100	13.96%
2002	287,342,440	2,164,067,900	32,457,980	162,289,900	4,684,980	15,616,600	324,485,400	2,341,974,400	13.86%
2003	305,620,680	2,296,739,700	31,414,080	157,070,400	4,722,920	15,743,067	341,757,680	2,469,553,167	13.84%
2004	353,726,180	2,660,485,300	31,451,580	156,669,200	5,251,300	17,504,333	390,429,060	2,834,658,833	13.77%
2005	381,707,660	2,885,636,500	33,236,740	166,183,700	5,573,200	18,577,333	420,517,600	3,070,397,533	13.70%
2006	421,633,940	3,157,637,900	34,149,680	170,748,400	5,798,200	19,327,333	461,581,820	3,347,713,633	13.79%
2007	456,034,340	3,462,971,900	39,204,380	197,072,300	5,899,780	19,665,933	501,138,500	3,679,710,133	13.62%
2008	534,844,420	4,078,949,800	41,144,200	205,721,000	6,194,540	20,648,467	582,183,160	4,305,319,267	13.52%
2009	528,181,540	4,041,760,500	41,519,660	207,598,300	6,545,880	21,819,600	576,247,080	4,271,178,400	13.49%
2010	522,848,120	3,990,017,400	41,474,920	207,374,600	6,270,580	20,901,933	570,593,620	4,218,293,933	13.53%

Source: Jefferson County and Shelby County Tax Assessors - Reflects the fiscal year that the taxes become due and payable;

(A) Excludes motor vehicles

THE CITY OF HOOVER, ALABAMA
Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Jefferson County

Fiscal Year Ended September 30,	City of Hoover			Jefferson County				State of Alabama	Total Tax
	General Fund	City Schools	City Total	County County	School Schools	School District	County Total		
2001	0.65	2.40	3.05	1.35	0.82	1.39	3.56	0.65	7.26
2002	0.65	2.40	3.05	1.35	0.82	1.39	3.56	0.65	7.26
2003	0.65	2.40	3.05	1.35	0.82	1.39	3.56	0.65	7.26
2004	0.65	2.40	3.05	1.35	0.82	1.39	3.56	0.65	7.26
2005	0.65	2.40	3.05	1.35	0.82	1.39	3.56	0.65	7.26
2006	0.65	2.40	3.05	1.35	0.82	1.39	3.56	0.65	7.26
2007	0.65	2.40	3.05	1.35	0.82	1.39	3.56	0.65	7.26
2008	0.65	2.40	3.05	1.35	0.82	1.39	3.56	0.65	7.26
2009	0.65	2.40	3.05	1.35	0.82	1.39	3.56	0.65	7.26
2010	0.65	2.40	3.05	1.35	0.82	1.39	3.56	0.65	7.26

Shelby County

Fiscal Year Ended September 30,	City of Hoover			Shelby County				State of Alabama	Total Tax
	General Fund	City Schools	City Total	County County	School Schools	School District	Hospital		
2001	0.65	2.40	3.05	0.75	1.60	0.60		2.95	6.65
2002	0.65	2.40	3.05	0.75	1.60	0.60		2.95	6.65
2003	0.65	2.40	3.05	0.75	1.60	0.60		2.95	6.65
2004	0.65	2.40	3.05	0.75	1.60	0.60		2.95	6.65
2005	0.65	2.40	3.05	0.75	1.60	0.60		2.95	6.65
2006	0.65	2.40	3.05	0.75	1.60	0.60		2.95	6.65
2007	0.65	2.40	3.05	0.75	1.60	0.60		2.95	6.65
2008	0.65	2.40	3.05	0.75	1.60	0.60		2.95	6.65
2009	0.65	2.40	3.05	0.75	1.60	0.60		2.95	6.65
2010	0.65	2.40	3.05	0.75	1.60	0.60		2.95	6.65

Source: Jefferson and Shelby County Tax Collectors

THE CITY OF HOOVER, ALABAMA
Property Tax Levies and Collections
Last Ten Fiscal Years

Jefferson County:

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections*</u>	<u>Total Property Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
2001	\$ 3,552,092	\$ 3,537,316	99.58 %	\$ 11,118	\$ 3,548,434	99.90 %
2002	3,502,672	3,500,780	99.95	21,629	3,522,409	100.56
2003	* 3,686,294	3,699,348	100.35	20,445	3,719,793	100.91
2004	* 4,278,404	4,296,294	100.42	20,186	4,316,480	100.89
2005	4,421,652	4,394,795	99.39	12,703	4,407,498	99.68
2006	4,940,155	4,891,079	99.01	11,336	4,902,415	99.24
2007	5,447,216	5,378,437	98.74	10,291	5,388,727	98.93
2008	5,913,220	5,869,775	99.27	5,756	5,875,531	99.36
2009	6,106,450	6,031,066	98.77	8,083	6,039,149	98.90
2010	6,025,722	5,928,585	98.39	38,689	5,967,274	99.03

Shelby County:

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections*</u>	<u>Total Property Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
2001	\$ 1,941,599	\$ 1,936,145	99.72 %	\$ 1,332	\$ 1,937,477	99.79 %
2002	* 2,087,040	2,097,756	100.51	9,335	2,107,091	100.96
2003	2,199,425	2,180,202	99.13	928	2,181,129	99.17
2004	* 2,507,879	2,522,883	100.60	622	2,523,505	100.62
2005	2,694,468	2,678,109	99.39	1,193	2,679,302	99.44
2006	2,865,139	2,810,328	98.09	390	2,810,718	98.10
2007	* 3,116,525	3,131,794	100.49	3,441	3,135,235	100.60
2008	3,600,312	3,450,316	95.83	1,380	3,451,696	95.87
2009	* 3,556,845	3,605,250	101.36	1,582	3,606,832	101.41
2010	* 3,501,064	3,567,194	101.89	3,427	3,570,621	101.99

* Property tax collections are remitted to the City by both counties and they do not include the corresponding tax levy year for delinquent collections. As a result, delinquent tax collections represent the fiscal year the City received the funds.

In addition, the current collections in certain years exceed the levy. In Shelby County, this is because its computer system cannot separate out school exemptions, and since all dollars are sent to us and then we remit to the schools, some collections could exceed the levy. For Jefferson County, they include penalties in their tax submittals without detail so we cannot pull those out of the current collections number.

THE CITY OF HOOVER, ALABAMA
Rates for the Sewer Enterprise Fund
Last Ten Fiscal Years

Rate Per 100 Cubic Feet of Water Consumption

<u>Fiscal Year ¹</u>	<u>Commercial</u>	<u>Residential (15% Discount)</u>
2001	3.01	2.56
2002	3.53	3.00
2003	4.90	4.17
2004	5.39	4.58
2005	5.39	4.58
2006	5.39	4.58
2007	5.39	4.58
2008	5.39	4.58
2009	5.39	4.58
2010	5.39	4.58

¹ Represents rate in place at the end of the fiscal year

THE CITY OF HOOVER, ALABAMA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total Primary</u> <u>Government</u>	<u>Personal Income</u>	<u>Percentage of</u> <u>Personal Income</u>	<u>Population</u>		<u>Per Capita</u>
	<u>General Obligation</u> <u>Warrants</u>	<u>General Obligation</u> <u>Warrants</u>						
2001	\$ 79,935,000	\$ 17,770,000	\$ 97,705,000	NA	NA	64,605	²	\$ 1,512
2002	76,565,000	17,135,000	93,700,000	\$ 2,011,996,130	4.66%	65,885	²	1,422
2003	115,375,000	16,480,000	131,855,000	2,126,334,840	6.20%	67,830	²	1,944
2004	111,280,000	15,800,000	127,080,000	2,369,148,960	5.36%	70,060	²	1,814
2005	108,500,000	15,090,000	123,590,000	2,548,486,518	4.85%	71,151	²	1,737
2006	103,915,000	14,360,000	118,275,000	2,743,647,630	4.31%	73,505	²	1,609
2007	99,245,000	13,600,000	112,845,000	3,106,232,259	3.63%	79,041	²	1,428
2008	94,440,000	30,815,000	125,255,000	3,228,093,638	3.88%	80,933	²	1,548
2009	89,420,000	29,995,000	119,415,000	3,139,604,288	3.80%	81,616	²	1,463
2010	84,370,000	29,145,000	113,515,000	3,139,719,692	3.62%	81,619	¹	1,391

¹ Federal Census

² House Consultants

THE CITY OF HOOVER, ALABAMA
Ratios of Net General Obligation Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Debt</u>	<u>Estimated Actual Value of Taxable Property</u> ³	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Population</u>	<u>Per Capita</u>
2001	\$ 79,935,000	\$ 5,774,741,237	1.38%	64,605 ¹	\$ 1,237
2002	76,565,000	5,991,797,204	1.28%	65,885 ¹	1,162
2003	115,375,000	6,300,477,015	1.83%	67,830 ¹	1,701
2004	111,280,000	7,377,998,232	1.51%	70,060 ¹	1,588
2005	108,500,000	7,775,328,552	1.40%	71,151 ¹	1,525
2006	103,915,000	8,742,721,222	1.19%	73,505 ¹	1,414
2007	99,245,000	9,519,857,668	1.04%	79,401 ¹	1,250
2008	94,440,000	10,825,824,525	0.87%	80,933 ¹	1,167
2009	89,420,000	11,115,616,246	0.80%	81,616 ¹	1,096
2010	84,370,000	11,347,340,996	0.74%	81,619 ²	1,034

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ House Consultants

² Federal Census

³ Jefferson and Shelby County

THE CITY OF HOOVER, ALABAMA
Direct and Overlapping Governmental Activities Debt
As of September 30, 2010

	<u>Total Debt Outstanding</u>	<u>Percentage Applicable to City of Hoover</u> ¹	<u>Amount Applicable to City of Hoover</u>
Direct Debt:			
City of Hoover	\$ 84,370,000	100.00%	\$ 84,370,000
Total direct debt	<u>84,370,000</u>		<u>84,370,000</u>
Overlapping Debt:			
Hoover City Board of Education	187,570,000	100.00%	187,570,000
Jefferson County	1,057,655,000	10.09%	106,673,192
Jefferson County Board of Education	81,675,797	10.09%	8,237,675
Shelby County	-	18.49%	-
Shelby County Board of Education	<u>153,491,361</u>	18.49%	<u>28,375,739</u>
Total overlapping debt	<u>1,480,392,159</u>		<u>330,856,606</u>
Total direct and overlapping debt	<u><u>\$ 1,564,762,159</u></u>		<u><u>\$ 415,226,606</u></u>

Note: No specific revenue base is associated with debt repayment.

¹ The percentage applicable to the City of Hoover is calculated by taking the total assessed value for the City in the applicable county and dividing it by the total assessed value in the same county.

Source:
Hoover Board of Education
Jefferson County Board of Education
Shelby County Board of Education
Jefferson County Commission
Shelby County Commission

THE CITY OF HOOVER, ALABAMA
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 197,411,384	\$ 200,352,873	\$ 210,508,019	\$ 240,975,822	\$ 254,754,122	\$ 279,033,267	\$ 308,317,899	\$ 340,439,092	\$ 345,890,913	\$ 341,446,447
Total net debt applicable to limit	<u>79,935,000</u>	<u>76,565,000</u>	<u>115,375,000</u>	<u>111,280,000</u>	<u>108,500,000</u>	<u>103,915,000</u>	<u>99,245,000</u>	<u>94,440,000</u>	<u>89,420,000</u>	<u>84,370,000</u>
Legal debt margin	<u>\$ 117,476,384</u>	<u>\$ 123,787,873</u>	<u>\$ 95,133,019</u>	<u>\$ 129,695,822</u>	<u>\$ 146,254,122</u>	<u>\$ 175,118,267</u>	<u>\$ 209,072,899</u>	<u>\$ 245,999,092</u>	<u>\$ 256,470,913</u>	<u>\$ 257,076,447</u>
Total net debt applicable to the limit as a percentage of debt limit	40.49%	38.22%	54.81%	46.18%	42.59%	37.24%	32.19%	27.74%	25.85%	24.71%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value of property:	1
Jefferson County	\$ 1,086,736,556
Shelby County	<u>620,495,680</u>
Total assessed value of property	1,707,232,236
Debt limit - 20 percent of total assessed value	341,446,447
Debt applicable to limit:	
General obligation warrants	<u>84,370,000</u>
Legal debt margin	<u>\$ 257,076,447</u>

Note: *Amendment 268* of the Alabama Constitution of 1901 states that no municipality shall become indebted in an amount, including present indebtedness, exceeding 20 percent of the assessed value of property therein. There are certain exemptions in the aforementioned amendment as well as other amendments.

¹ Includes assessed value of motor vehicles totaling \$131,462,440 (Jefferson County - \$79,036,500 and Shelby County - \$52,425,940).
Source: Jefferson County and Shelby County Tax Assessors

THE CITY OF HOOVER, ALABAMA
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (Birmingham-Hoover MSA)</u> ⁵	<u>School Enrollment</u> ³	<u>Unemployment Rate</u> ⁴
2001	64,605 ²	NA	NA	9,794	2.0%
2002	65,885 ²	\$ 2,011,996,130	\$ 30,538	10,265	2.4%
2003	67,830 ²	2,126,334,840	31,348	10,765	2.5%
2004	70,060 ²	2,369,148,960	33,816	11,163	2.3%
2005	71,151 ²	2,548,486,518	35,818	11,771	2.3%
2006	73,505 ²	2,743,647,630	37,326	12,036	2.1%
2007	79,041 ²	3,106,232,259	39,299	12,400	2.1%
2008	80,933 ²	3,228,093,638	39,886	12,538	2.9%
2009	81,616 ²	3,139,604,288	38,468	12,875	5.8%
2010	81,619 ²	3,139,719,692	38,468	13,099	5.9%

¹ Federal Census

² House Consultants

³ Hoover City Schools

⁴ Alabama Department of Industrial Relations

⁵ U.S. Department of Commerce, Bureau of Economic Analysis (no update for 2010)

**THE CITY OF HOOVER, ALABAMA
Principal Employers
Current Year and Nine Years Ago**

Employer	2010			2001		
	Employees ¹	Rank	Percentage of Total City Employment	Employees ¹	Rank	Percentage of Total City Employment
Blue Cross Blue Shield of Alabama	3,281	1	na	na		
Hoover Board of Education	1,880	2				
Regions Bank	1,765	3				
B E & K Construction/Engineering	1,178	4				
Bellsouth Telecommunications	1,099	5				
Southern Company Services	905	6				
Wal-mart - 2 locations	822	7				
City of Hoover	735	8				
Southern Nuclear	595	9				
Publix - 4 locations	517	10				
Total top 10	12,777					
Total all employees in the City	¹ na			na		

Note: Data for nine years ago is not available

Source: The City of Hoover Revenue Department estimates

¹ The City does not have an occupational tax or other mechanism to accurately know these numbers (na)

THE CITY OF HOOVER, ALABAMA
City Government Positions by Function and Department
Last Ten Fiscal Years

	Fiscal Year																			
	2001		2002		2003		2004		2005		2006		2007		2008		2009		2010	
	PT	TP	PT	TP	PT	TP	PT	TP	PT	TP	PT	TP	PT	TP	PT	TP	PT	TP	PT	TP
	FT	EO	FT	EO	FT	EO	FT	EO	FT	EO	FT	EO	FT	EO	FT	EO	FT	EO	FT	EO
General government																				
Administration	¹ na	na	na	na	na	na	13	6	13	8	16	8	16	8	16	8	15	8	14	8
Building services	¹ na	na	na	na	na	na	10	0	11	0	12	0	12	0	14	0	16	0	15	0
Development	na	na	na	na	na	na	2	0	2	0	2	0	2	0	0	0	0	0	0	0
Finance	na	na	na	na	na	na	8	0	8	0	8	0	8	0	8	0	8	0	8	0
Fleet	na	na	na	na	na	na	7	0	7	0	7	0	7	0	7	0	6	0	6	0
Human resources	na	na	na	na	na	na	5	0	5	0	5	0	5	0	5	0	5	0	5	0
Revenue	¹ na	na	na	na	na	na	7	0	9	0	10	0	10	0	10	0	10	0	9	0
Support services/mis	na	na	na	na	na	na	8	0	8	0	8	0	8	0	8	0	8	0	8	0
Total general government	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>60</u>	<u>6</u>	<u>63</u>	<u>8</u>	<u>68</u>	<u>8</u>	<u>68</u>	<u>8</u>	<u>68</u>	<u>8</u>	<u>68</u>	<u>8</u>	<u>65</u>	<u>8</u>
Public safety																				
Police																				
Officers	na	na	na	na	na	na	139	0	143	0	154	0	155	0	157	0	157	0	157	0
Civilians	na	na	na	na	na	na	29	10	35	12	33	12	33	12	33	3	33	2	33	2
Fire																				
Firefighters and officers	¹ na	na	na	na	na	na	149	12	149	12	152	12	152	12	158	12	159	12	160	9
Civilians	na	na	na	na	na	na	1	0	1	0	1	0	1	0	1	0	1	0	1	0
Homeland security (officer)	na	na	na	na	na	na	0	0	1	0	1	0	1	0	1	0	0	0	0	0
Communications/dispatch																				
Officers	na	na	na	na	na	na	1	0	1	0	1	0	1	0	1	0	1	0	1	0
Civilians	na	na	na	na	na	na	26	0	27	0	27	1	27	0	27	0	27	0	27	0
Inspection services	¹ na	na	na	na	na	na	19	0	19	0	21	0	21	0	21	0	21	0	18	0
Total public safety	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>364</u>	<u>22</u>	<u>376</u>	<u>24</u>	<u>390</u>	<u>25</u>	<u>391</u>	<u>24</u>	<u>399</u>	<u>15</u>	<u>399</u>	<u>14</u>	<u>397</u>	<u>11</u>
Library	na	na	na	na	na	na	41	49	42	53	44	56	43	60	44	59	44	59	44	59
Municipal court	na	na	na	na	na	na	10	1	12	1	14	0	14	0	14	0	14	0	14	0
Highway and roadway																				
Engineering and horticulture	¹ na	na	na	na	na	na	5	0	5	0	5	0	5	0	5	0	6	0	5	0
Public works	¹ na	na	na	na	na	na	33	0	34	0	35	0	35	0	33	0	31	0	30	0
Total highway and roadway	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>38</u>	<u>0</u>	<u>39</u>	<u>0</u>	<u>40</u>	<u>0</u>	<u>40</u>	<u>0</u>	<u>38</u>	<u>0</u>	<u>37</u>	<u>0</u>	<u>35</u>	<u>0</u>
Recreation services																				
Recreation/senior center/park rangers	na	na	na	na	na	na	18	35	19	33	21	34	23	33	23	32	24	32	24	32
Park maintenance	¹ na	na	na	na	na	na	36	6	36	6	36	6	36	6	36	6	36	6	37	6
Total recreation services	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>54</u>	<u>41</u>	<u>55</u>	<u>39</u>	<u>57</u>	<u>40</u>	<u>59</u>	<u>39</u>	<u>59</u>	<u>38</u>	<u>60</u>	<u>38</u>	<u>61</u>	<u>38</u>
Health																				
Animal control	na	na	na	na	na	na	2	0	2	0	2	0	2	0	2	0	2	0	2	0
Total health	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>2</u>	<u>0</u>												
Sewer	na	na	na	na	na	na	1	0	1	0	1	0	1	0	1	0	1	0	1	0
Total approved positions	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>570</u>	<u>119</u>	<u>590</u>	<u>125</u>	<u>616</u>	<u>129</u>	<u>618</u>	<u>131</u>	<u>625</u>	<u>120</u>	<u>625</u>	<u>119</u>	<u>619</u>	<u>116</u>

Note: Data is unavailable for fiscal year 2001 thru fiscal year 2003; FT = full-time, PT = part-time, TP = temporary/seasonal, and EO = elected official

¹ Changes from FY 2009 to FY 2010 are as follows:

- Administration - deleted ft internal auditor position;
- Building services - deleted ft custodian position and outsourced its function;
- Revenue - deleted ft revenue auditing supervisor position;
- Fire - deleted 3 pt extra boards and added 1 ft firefighter;
- Inspection services - deleted 3 ft positions: asst director of inspection services, chief electrical inspector, and admin asst sr;
- Engineering - deleted ft admin asst position;
- Public works and park maintenance - moved equip op sr position from the former to the latter;

THE CITY OF HOOVER, ALABAMA
Operating Indicators by Function
Last Ten Fiscal Years

		Fiscal Year									
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function											
General Government											
Employees hired	⁷	na	134	82	79	122	116	80	96	79	86
Business licenses issued	⁸	7,414	7,810	8,184	8,736	8,969	9,163	9,459	9,431	9,194	9,097
Public safety:											
Police											
Arrests (adults only)	³	2,158	2,334	2,516	2,625	3,058	3,118	3,205	3,507	4,241	3,976
Fire											
Number of calls:	⁶										
Emergency medical services		na	na	na	na	5,019	5,605	5,786	5,716	5,955	6,146
Fire		na	na	na	na	1,513	1,436	1,397	1,527	1,296	1,480
Service/other		na	na	na	na	1,251	1,226	1,397	1,450	1,715	2,034
Total fire calls						7,783	8,267	8,580	8,693	8,966	9,660
Inspections											
Building permits issued		1,470	1,620	1,836	2,062	1,873	1,951	1,754	1,611	1,368	1,748
Library											
Materials checked out	⁹	432,102	868,344	962,086	1,072,196	1,141,311	1,262,067	1,404,302	1,487,497	1,630,981	1,663,743
Municipal court											
Non-traffic court cases	⁵	2,087	2,381	2,318	2,471	2,826	3,086	3,404	3,533	3,911	3,544
Traffic cases	⁵	8,984	6,887	7,004	7,935	12,692	17,566	16,992	19,429	25,063	17,583
Adjudicated cases	⁵	11,274	9,170	9,197	9,359	12,805	18,577	19,526	21,075	28,143	21,508
Failure to appear warrants	⁵	2,856	2,446	1,986	2,273	3,399	5,096	5,338	5,191	5,856	4,609
Other warrants	⁵	3,308	2,895	2,351	3,252	4,264	5,959	6,198	3,304	2,036	1,413
Sanitation											
Single homes:											
Regular garbage service	⁴	na	na	na	na	20,448	21,279	21,883	22,400	22,680	23,074
Backdoor garbage service		na	na	na	na	50	50	50	50	50	50
Recreation services											
Average daily recreation center visits	²	na	na	na	484	441	494	527	579	634	666
Sewer											
Average daily flow (gallons per day):											
Inverness	¹⁰	577,000	884,000	837,000	852,000	795,000	963,000	872,000	920,000	926,000	802,000
Riverchase	¹⁰	1,718,000	1,662,000	2,138,000	1,454,000	2,770,000	2,984,000	1,622,000	1,054,000	1,649,000	1,321,000

¹ Assume fiscal year unless otherwise noted
² Source: Recreation Center (based on a calendar year)
³ Source: Police Department (based on a calendar year)
⁴ Source: Finance Department (data indicates # of homes serviced in September of the associated fiscal year)
⁵ Source: Municipal Court (based on a calendar year)
⁶ Source: Hoover Fire Department (based on a calendar year)
⁷ Source: Human Resources Department
⁸ Source: Revenue Department (based on a calendar year)
⁹ Source: Library
¹⁰ Source: Engineering Department (based on a calendar year)

THE CITY OF HOOVER, ALABAMA
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government										
Vehicles	na	na	na	na	na	33	38	38	38	38
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	2	3	2	3	3	3	4	4	4	4
Vehicles	na	na	na	na	na	196	211	211	211	211
Fire:										
Fire stations	8	8	8	8	8	8	8	8	9	9
Vehicles	na	na	na	na	na	50	49	49	51	52
Other public safety:										
Vehicles	na	na	na	na	na	18	21	21	19	15
Library										
Vehicles	na	na	na	na	na	2	2	2	2	2
Municipal Court										
Vehicles	na	na	na	na	na	4	4	4	4	4
Highway and roadways										
Streets (miles) ¹	na	na	307	307	307	334	323	293	293	306
Streetlights	na	na	na	na	na	495	490	490	490	492
Traffic signals:										
Jefferson County	na	na	na	na	66	66	69	69	74	75
Shelby County	na	na	na	na	30	30	30	30	30	30
Vehicles	na	na	na	na	na	49	55	55	56	56
Recreation services										
Lakes ²	na	na	na	na	na	6	6	6	6	6
Acres ²	na	na	na	na	na	na	na	24	24	24
Parks ²	na	na	na	na	21	22	22	23	23	23
Acres ²	na	na	na	na	na	na	na	837	837	837
Unimproved ²	na	na	na	na	na	na	na	115	200	200
Vehicles	na	na	na	na	na	36	39	39	39	40
Health										
Vehicles	na	na	na	na	na	3	3	3	3	3
Sewer										
Sanitary sewer miles					86	86	86	86	89	89
Vehicles	na	na	na	na	na	1	1	1	1	1

na - not available

¹ FY 2007 decreased because previously some gated communities were included and should not have been and FY 2008 decreased because county maintained were removed (Source: road inventory - modified approach)

² Source: Risk management

THE CITY OF HOOVER, ALABAMA
Miscellaneous Statistics
September 30, 2010

Date of Incorporation: May 18, 1967

Form of Government: Mayor-Council (7 members)

Population:

1968	410	(A)
1970	1,393	(A)
1980	19,792	(A)
1990	39,788	(A)
2000	62,742	(A)
2002	65,885	(B)
2003	67,830	(B)
2004	70,060	(B)
2005	71,151	(B)
2006	73,505	(B)
2007	79,041	(B)
2008	80,933	(B)
2009	81,616	(B)
2010	81,619	(A)

Estimated number of housing units:

Owner occupied (townhomes or single family detached)	23,744	(B)
Renter occupied (multi-family or group quarters)	11,404	(B)
Total	<u>35,148</u>	(B)

Public Schools (Established August 29, 1988):

Buildings:		
High schools	2	(C)
Freshman school	1	(C)
Middle Schools	3	(C)
Elementary Schools	10	(C)
Crossroads School	1	(C)
Total	<u>17</u>	(C)

Area (Square Miles): 47.79 (D)

Source:

- (A) Federal Census
- (B) House Consultants
- (C) City Board of Education
- (D) GIS Department/City Clerk