

THE CITY OF HOOVER, ALABAMA

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2007

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, 2007

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INTRODUCTORY SECTION

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The City of Hoover has an estimated population of 79,041 and is located in north-central Alabama within the Birmingham/Hoover metropolitan statistical area. Hoover occupies approximately 42.08 square miles within Jefferson and Shelby counties.

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**Mayor's Office
City of Hoover**

Tony Petelos
Mayor

March 31, 2008

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, 2007, 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 2007, 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 October 1 in the election year. An election was conducted in the summer of 2004.

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 79,041 today, making it the sixth largest city in the state based on population. Along with this continued population growth, the City now comprises approximately 42.08 square miles. One reason for this growth is that the City’s excellent school system continues to draw new residents to the area.

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 the retail hub for the State of Alabama. The Riverchase Galleria is one of the finest mixed-use shopping centers in the Southeast. It 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 five-star hotel, and a 17-story office tower. The City receives about 22% 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.

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 projects.

Cash Management

The City utilizes a bank “lock box” system under which the majority of its revenue is sent by the taxpayers directly to its depository. The City also utilizes a “zero balance” checking account under which all deposits go directly into an interest bearing bank public funds investment account. Cash is transferred from the investment account to the checking account on a daily basis to cover issued checks presented for payment. Using this method the City is assured that all funds are invested. The bank public funds investment account interest rate is set at the federal funds rate minus .5%. All pooled cash is either insured by the FDIC or collateralized. Collateral is held in the City’s name by a third party, usually the Federal Reserve Bank.

Debt Administration

As of September 30, 2007, the City had a number of debt issues outstanding. These issues included general obligation warrants totaling \$99,245,000 for the General Fund, as well as \$13,600,000 in general obligation warrants for the Sewer Enterprise Fund.

Currently, the City’s credit rating from Standard and Poor’s Corporation and Moody’s Investors Service are AA and Aa3, respectively.

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 requests are made for a five-year outlook. Part of this request includes an estimate on increase in operating costs should the project be approved. These amounts provide an estimate that will allow more accurate general fund projections in a five-year outlook and their effect on financial position.

For this fiscal year, the City decided to move all excess general funds above \$31.1 million to the capital projects fund in order to address long-term needs, which resulted in over \$8 million transferred for future projects.

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 financial condition continues to be strong. Overall, the City's total revenue for All Governmental Funds for the fiscal year ended September 30, 2007 increased by 4.74% over the fiscal year ended September 30, 2006.

The following schedule presents a summary of revenues for all Governmental Funds for the fiscal year ended September 30, 2007, with the amount and percentage of increase (decrease) in relation to the fiscal year ended September 30, 2006.

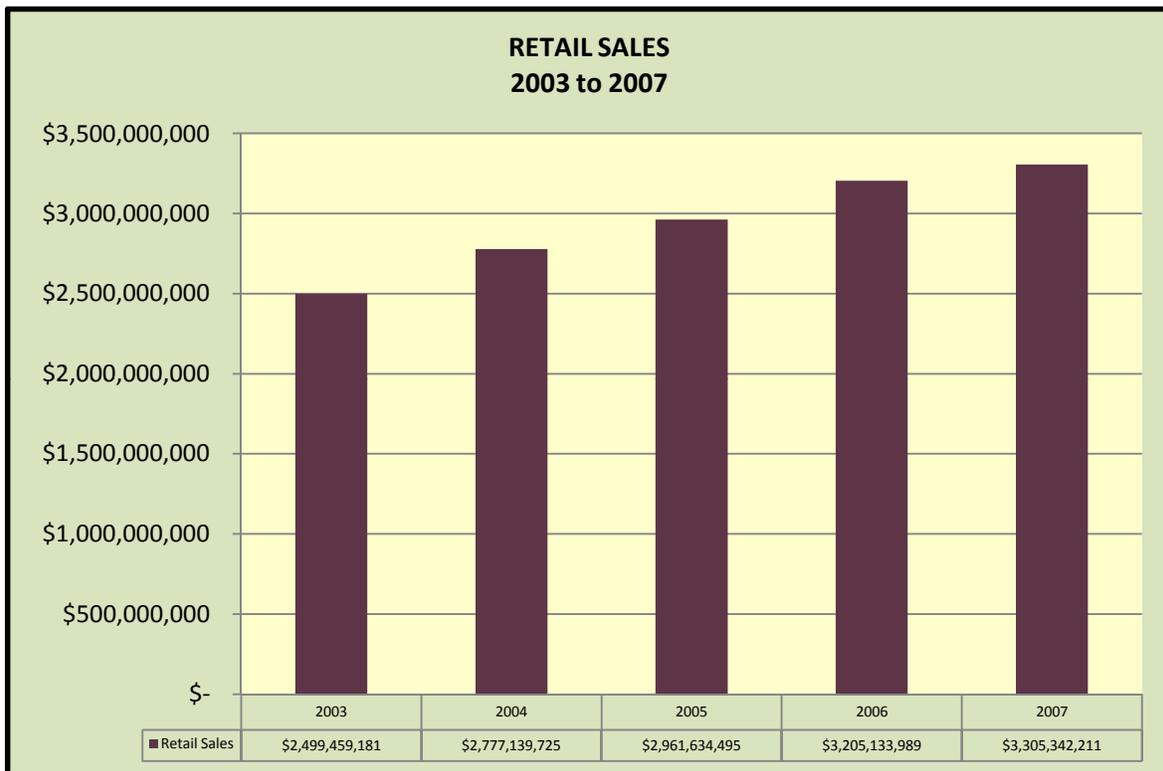
Below revenues are broken down by major categories. Although two individual categories decreased, overall revenues increased by \$4,720,425 or 4.74% over the previous year. The two largest sources of revenue by major category are taxes and licenses and permits, which comprise 82.17% of total revenues. The former increased 1.66% while the latter decreased by 2.60% in FY 2007, which was due to a decrease in building permits.

Revenues	FY 2007 Amount	Percent of Total	FY 2006 Amount	Increase (Decrease) From FY 2006	Percent of Increase (Decrease)
Taxes	\$ 76,881,332	73.77 %	\$ 75,623,209	\$ 1,258,123	1.66 %
Licenses and permits	8,753,625	8.40	8,987,468	(233,843)	(2.60)
Intergovernmental	5,815,390	5.58	4,471,897	1,343,493	30.04
Fines and forfeits	4,465,564	4.28	3,417,653	1,047,911	30.66
Investment income	3,728,266	3.58	2,540,019	1,188,247	46.78
Rents and royalties	700,954	0.67	517,281	183,673	35.51
Contributions and reimbursements	978,704	0.94	874,490	104,214	11.92
Charges for services	2,487,467	2.39	2,377,059	110,408	4.64
Other	410,956	0.39	692,757	(281,801)	(40.68)
Total revenues	<u>\$ 104,222,257</u>	<u>100.00 %</u>	<u>\$ 99,501,833</u>	<u>\$ 4,720,425</u>	<u>4.74 %</u>

As shown above, taxes only increased by 1.66% over the previous year. This is comprised mainly of sales tax, which relies on a strong economy. Despite the slow growth of sales tax, the City did continue to have some growth, and overall governmental fund revenue did increase by \$4,720,425. The largest % increase was investment income, which increased by 46.78%, or \$1,188,247 due to higher rates of return during the fiscal year.

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, both of these sources continued a growth trend as they have over the past five years. Thus, the local economy for the City of Hoover continues to grow and remain strong.

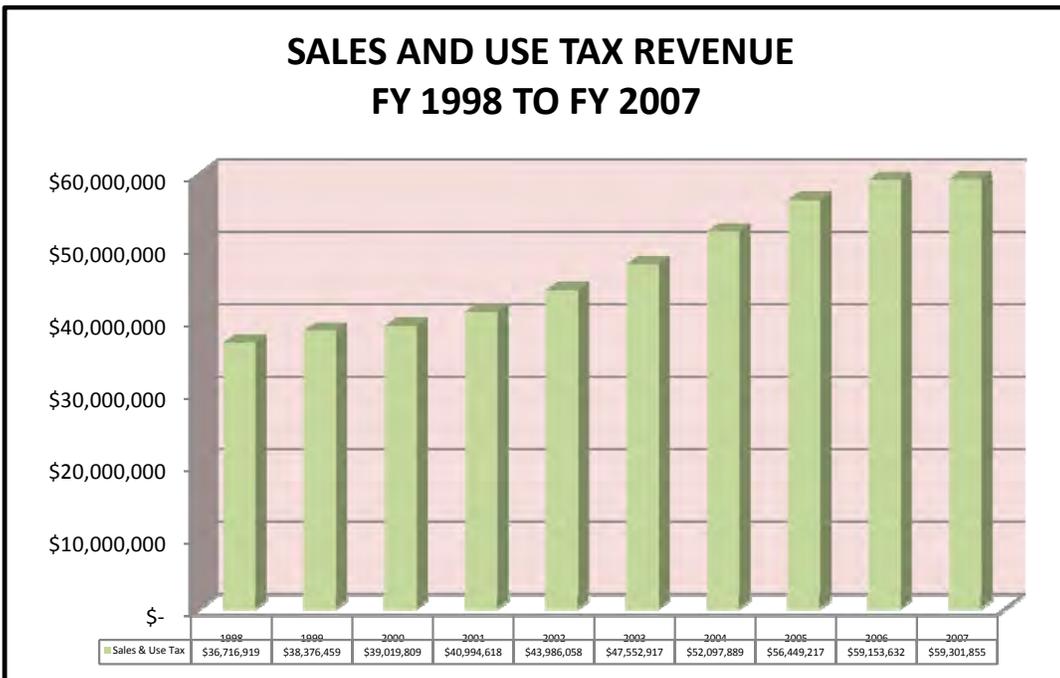
Related to sales and use taxes, the City's total retail sales itself increased by \$100,208,222 over the previous year for a total of \$3,305,342,211. This represented an increase of 3.13%. Much of this can be attributed to the strength and stability of existing businesses. The chart below depicts the retail sales growth for the last five years.



Continued commercial expansion has resulted in greater sales and use tax revenues in each of the past 10 years. 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>
1998	\$ 36,716,919	0.76 %	\$ 57,435,223	63.93 %
1999	38,376,459	4.52	61,318,205	62.59
2000	39,019,809	1.68	66,801,814	58.41
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

City management expects some sales and use tax growth in the future.

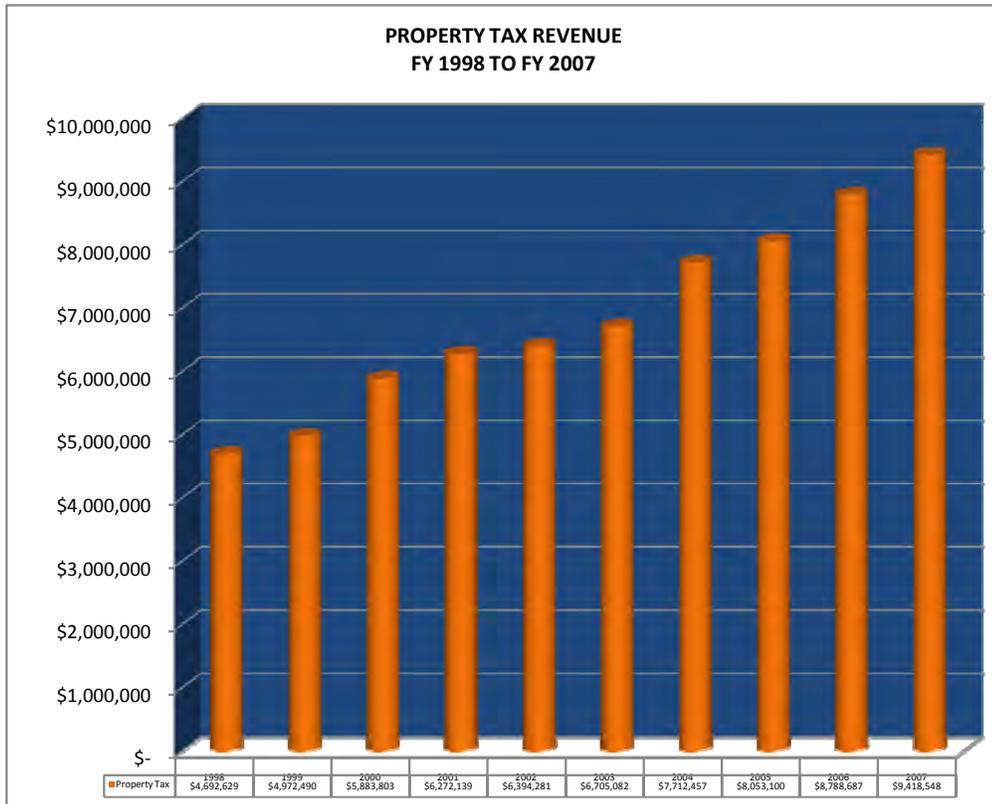


The second largest revenue source for the City is property tax, which comprises 9.04% of total revenues for governmental fund types. A 10 year summary of property tax is as follows:

<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>
1998	\$ 4,692,629	8.42 %	\$ 57,435,223	8.17 %
1999	4,972,490	5.96	61,318,205	8.11
2000	5,883,803	18.33	66,801,814	8.81
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

* 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 increased 7.17% over FY 2006.



OTHER INFORMATION

Awards

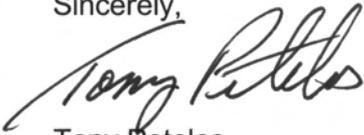
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2006. This was the twenty-fifth consecutive year that the City has received this 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 Petelos
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, 2006

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.



Oliver S. Cox

President

Jeffrey R. Emswiler

Executive Director

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Citizens

City Council

President
Pro Tem

Committees
Boards
Liaisons

City Clerk

Assistant City Clerk

Zoning Clerk

City Attorney

Municipal Judge

City Prosecutor

Parks & Recreation Board

Library Board

Hoover City School Board

Mayor

Administrative Assistant
Media and Press Assistant
Internal Auditor

Homeland Security

Executive Director

Asst. Executive Director

Facilities Coordinator
Risk Management & Legal Coordinator
Events Coordinator

Finance Director

Accountants
Accounting Operations Manager
Accounts Payable/Purchasing

Accounting Services
Budget & Financial Manager
Payroll

Human Resources

Support Services

Revenue & Taxation

Police Chief

Fire Chief

Bldg Inspections

City Engineer

Public Works & Park Maint.

Magistrate Court

Fleet

Development

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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	Trey D. Lott
Council Member	Mari Morrison
Council Member	Mike Natter
Council Member	Brian Skelton
Council Member	Gene Smith

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FINANCIAL SECTION

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Certified Public Accountants • Established 1922

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201 S. Court Street, Suite 500 • Florence, Alabama 35630
256 767 3555 • Fax 256 767 3556

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hoover, Alabama, (the "City") as of and for the year ended September 30, 2007, 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, 2007, 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 20, 2008, 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.

The management's discussion and analysis and schedules for the modified approach on pages 19 through 39 and 71 through 86 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, appearing to read "Borland Benefield". The signature is written in a cursive style with a light blue shadow or background behind it.

Borland Benefield, P.C.
Birmingham, Alabama
March 20, 2008

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, 2007. 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, 2007, by \$389,999,369. Of this amount, \$4,408,972 is restricted for special revenue funds, which by definition are legally restricted to certain uses, \$22,904,794 is restricted for ongoing capital projects, and \$30,758,001 may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$14,722,941 or 3.92% in comparison to the restated 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 \$66,170,628, a decrease of \$2,684,473 in comparison with the prior year. Approximately \$42,619,266 of this total amount is available for spending at the government's discretion (unreserved fund balance).
- Total net assets for governmental activities increased by \$13,941,007, bringing the total to \$363,692,718 for fiscal year 2007.

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 69.

The City of Hoover maintains nineteen 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, the capital projects fund, and the GOW 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 87).

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 three proprietary funds, one enterprise fund and two internal service funds. They are the Sewer Enterprise Fund, the Health Insurance Internal Service Fund and the Workers Compensation 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 51-70).

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 2007 represented a complete re-assessment. More detailed information on this approach is available in the Notes to Required Supplementary Information, which begins on page 77.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets

The City's total assets on its Statement of Net Assets for fiscal year 2007 totaled \$517,944,408, of which \$477,714,197 or 92.23% was from governmental activities. While there was an increase of \$22,623,231 for assets in governmental activities, the percentage represented was relatively the same in comparison with fiscal year 2006, which was 91.90%. The majority of this large increase was due to the addition of storm sewers to the infrastructure assets in compliance with GASB Statement No. 34 and various construction projects that had been completed, including a new senior center and police operations center.

Business-type activities made up \$40,230,211, or 7.77% of total assets for fiscal year 2007. Although the percentage to total entity-wide assets decreased from 8.10% in fiscal year 2006, this still resulted in a small increase overall of \$104,609. The net of the increase was due to a project to update the Riverchase sewer system that had gotten under way.

As shown in the summary below, noncurrent assets comprise 85.41% of total assets, which is an increase from fiscal year 2006 where the percentage was 83.72%. For fiscal 2007, current assets comprised 14.36% of all assets, a decrease from fiscal year 2006 where the percentage was 16.01%. With the substantial addition of non-current capital assets mentioned above, the current assets category was offset with a corresponding decrease.

Breakdown of Assets - Statement of Net Assets - Actual

Category	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Current assets	\$ 75,550,623	\$ 72,123,892	\$ 3,720,553	\$ 2,245,339	\$ 79,271,176	\$ 74,369,231
Noncurrent assets:						
Capital assets, net of depreciation	378,369,258	404,569,537	36,212,572	37,806,035	414,581,829	442,375,572
Other assets	777,905	696,188	192,478	178,838	970,382	875,026
Long-term receivables	393,180	324,580	-	-	393,180	324,580
Total noncurrent assets	<u>379,540,343</u>	<u>405,590,305</u>	<u>36,405,049</u>	<u>37,984,872</u>	<u>415,945,392</u>	<u>443,575,177</u>
Total Assets	<u>\$ 455,090,966</u>	<u>\$ 477,714,197</u>	<u>\$ 40,125,602</u>	<u>\$ 40,230,211</u>	<u>\$ 495,216,568</u>	<u>\$ 517,944,408</u>

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

Category	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Current assets	16.60%	15.10%	9.27%	5.58%	16.01%	14.36%
Noncurrent assets:						
Capital assets, net of depreciation	83.14%	84.69%	90.25%	93.97%	83.72%	85.41%
Other assets	0.17%	0.15%	0.48%	0.44%	0.20%	0.17%
Long-term receivables	0.08%	0.07%	0.00%	0.00%	0.08%	0.06%
Total noncurrent assets	<u>83.40%</u>	<u>84.90%</u>	<u>90.73%</u>	<u>94.42%</u>	<u>83.99%</u>	<u>85.64%</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	
	2006	2007	2006	2007	2006	2007
Current assets	95.31%	96.98%	4.69%	3.02%	100.00%	100.00%
Noncurrent assets:						
Capital assets, net of depreciation	91.27%	91.45%	8.73%	8.55%	100.00%	100.00%
Other assets	80.16%	79.56%	19.84%	20.44%	100.00%	100.00%
Long-term receivables	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%
Total noncurrent assets	<u>91.25%</u>	<u>91.44%</u>	<u>8.75%</u>	<u>8.56%</u>	<u>100.00%</u>	<u>100.00%</u>
Total Assets	<u>91.90%</u>	<u>92.23%</u>	<u>8.10%</u>	<u>7.77%</u>	<u>100.00%</u>	<u>100.00%</u>

Liabilities

The City's total liabilities on its Statement of Net Assets totaled \$127,945,039 of which \$114,021,479 or 89.12% was from governmental activities. This resulted in a decrease of \$4,925,391 for liabilities in governmental activities in fiscal year 2007 compared with fiscal year 2006's liabilities of \$118,946,870. The majority of this was due to long-term debt principal that had been paid and thus relieved.

Business-type activities made up \$13,923,560, or 10.88% of total liabilities for fiscal year 2007. Here again there was a decrease in liabilities, which was \$677,325 less than the previous year. Likewise, this was due to the payment of principal debt for the sewer long-term debt warrants.

As shown in the summary below, long-term liabilities consisting of net bonds/warrants payable, compensated absences, and claims payable comprise 87.36% of total liabilities, with current liabilities comprising 12.64%. The percentage represented was a slight change from fiscal year 2006, which was 87.32% and 12.68% respectively.

Breakdown of Liabilities - Statement of Net Assets - Actual

Category	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Current liabilities:						
Accounts payable and accrued liabilities	\$ 6,751,016	\$ 5,503,229	\$ 154,586	\$ 241,191	\$ 6,905,602	\$ 5,744,420
Interest payable	378,258	367,288	64,496	60,943	442,754	428,231
Deferred revenue and refundable deposits	337,686	8,149	-	-	337,686	8,149
Internal payable	-	1,705	-	(1,705)	-	-
Bonds and warrants payable	4,670,000	4,647,610	760,000	785,000	5,430,000	5,432,610
Compensated absences	3,809,915	3,458,723	9,903	8,870	3,819,818	3,467,594
Claims payable workers compensation	-	402,976	-	-	-	402,976
Claims payable property and casualty	-	691,806	-	-	-	691,806
Long-term liabilities:						
Bonds and warrants payable, net	96,690,856	92,200,360	13,600,000	12,815,000	110,290,856	105,015,360
Compensated absences	5,023,229	5,951,888	11,900	14,261	5,035,129	5,966,149
Claims payable workers compensation	700,455	325,043	-	-	700,455	325,043
Claims payable property and casualty	585,455	462,701	-	-	585,455	462,701
Total Liabilities	\$ 118,946,870	\$ 114,021,479	\$ 14,600,885	\$ 13,923,560	\$ 133,547,755	\$ 127,945,039

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

Category	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Current liabilities:						
Accounts payable and accrued liabilities	5.68%	4.83%	1.06%	1.73%	5.17%	4.49%
Interest payable	0.32%	0.32%	0.44%	0.44%	0.33%	0.33%
Deferred revenue and refundable deposits	0.28%	0.01%	0.00%	0.00%	0.25%	0.01%
Internal payable	0.00%	0.00%	0.00%	-0.01%	0.00%	0.00%
Bonds and warrants payable	3.93%	4.08%	5.21%	5.64%	4.07%	4.25%
Compensated absences	3.20%	3.03%	0.07%	0.06%	2.86%	2.71%
Claims payable workers compensation	0.00%	0.35%	0.00%	0.00%	0.00%	0.31%
Claims payable property and casualty	0.00%	0.61%	0.00%	0.00%	0.00%	0.54%
Long-term liabilities:						
Bonds and warrants payable, net	81.29%	80.86%	93.15%	92.04%	82.59%	82.08%
Compensated absences	4.22%	5.22%	0.08%	0.10%	3.77%	4.66%
Claims payable workers compensation	0.59%	0.29%	0.00%	0.00%	0.52%	0.25%
Claims payable property and casualty	0.49%	0.41%	0.00%	0.00%	0.44%	0.36%
Total Liabilities	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Net Assets

The City's entity-wide net assets totaled \$389,999,369. Governmental activities comprised \$363,692,718 or 93.25% of the total net assets for fiscal year 2007. While there was an increase of \$27,548,623 for net assets in governmental activities, the percentage represented was relatively the same in comparison with fiscal year 2006, which was 92.94%. Much of this increase was due to the prior period adjustment of \$13,607,616 related to capital assets and as mentioned previously, the rest is attributed to an increase in capital assets, net of related debt for fiscal year 2007.

Business-type activities made up \$26,306,651, or 6.75% of total net assets for fiscal year 2007. While there was an increase of \$781,934, likewise, the percentage represented was relatively the same in comparison with fiscal year 2006, which was 7.06%.

The largest portion of the City's assets is restricted or invested in capital assets. In particular, \$22,904,794, or 5.87% of net assets is restricted for capital projects, \$4,408,972, or 1.13% is restricted due to enabling legislation for special revenue funds, and \$331,927,602, or 85.11% is invested in capital assets such as buildings, roads, and bridges, less any related debt used to acquire those assets that is still outstanding. Thus, the total percentage of restricted assets totaled 92.11% for fiscal year 2007, as compared with fiscal year 2006 at 90.79%.

At the same time, the City has \$30,758,001 or 7.89% of assets available in unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors. This decreased by \$2,536,027 from fiscal year 2006 to fiscal year 2007, with the largest portion of this decrease, \$1,571,529, attributed to business-type activities.

Summary of Net Assets - Primary Government - Actual

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Invested in capital assets, net of related debt	\$ 277,008,402	\$ 307,721,567	\$ 21,852,572	\$ 24,206,035	\$ 298,860,973	\$ 331,927,602
Restricted for capital projects	25,323,478	22,904,794	-	-	25,323,478	22,904,794
Restricted for special revenue funds	4,190,334	4,408,972	-	-	4,190,334	4,408,972
Unrestricted	<u>29,621,882</u>	<u>28,657,385</u>	<u>3,672,145</u>	<u>2,100,616</u>	<u>33,294,028</u>	<u>30,758,001</u>
Total net assets	<u>\$ 336,144,095</u>	<u>\$ 363,692,718</u>	<u>\$ 25,524,717</u>	<u>\$ 26,306,651</u>	<u>\$ 361,668,812</u>	<u>\$ 389,999,369</u>

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Invested in capital assets, net of related debt	82.41%	84.61%	85.61%	92.01%	82.63%	85.11%
Restricted for capital projects	7.53%	6.30%	0.00%	0.00%	7.00%	5.87%
Restricted for special revenue funds	1.25%	1.21%	0.00%	0.00%	1.16%	1.13%
Unrestricted	<u>8.81%</u>	<u>7.88%</u>	<u>14.39%</u>	<u>7.99%</u>	<u>9.21%</u>	<u>7.89%</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

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Invested in capital assets, net of related debt	92.69%	92.71%	7.31%	7.29%	100.00%	100.00%
Restricted for capital projects	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%
Restricted for special revenue funds	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%
Unrestricted	<u>88.97%</u>	<u>93.17%</u>	<u>11.03%</u>	<u>6.83%</u>	<u>100.00%</u>	<u>100.00%</u>
Total net assets	<u>92.94%</u>	<u>93.25%</u>	<u>7.06%</u>	<u>6.75%</u>	<u>100.00%</u>	<u>100.00%</u>

As mentioned above, the largest portion of the City's net assets (85.11%) 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.

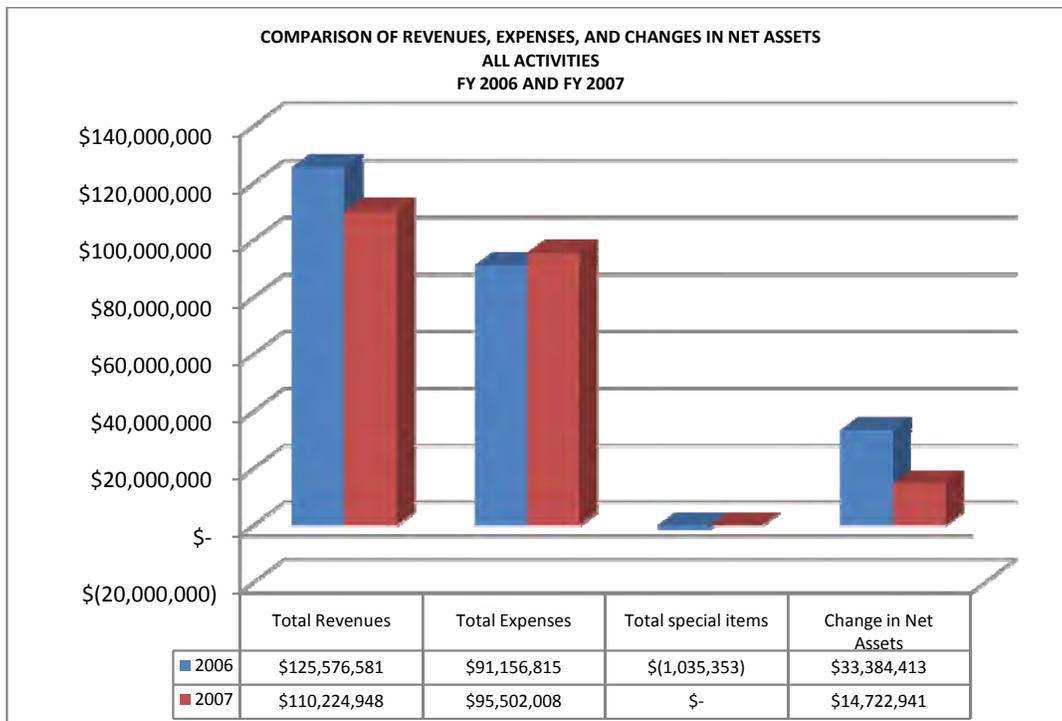
Statement of Activities

The Statement of Activities includes governmental activities and business-type activities. The total change in net assets for the fiscal year ended 2007 was \$14,722,941 compared with the fiscal year ended 2006 change in net assets of \$33,384,413. The main reason for the large difference between the two years is that fiscal year 2006 had a large amount in contribution to capital assets that did not occur in fiscal year 2007.

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

Category	Governmental Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
CHANGE IN NET ASSETS AS OF SEPTEMBER 30						
REVENUES						
Program Revenues:						
Charges for services	\$ 15,347,393	\$ 16,496,097	\$ 5,267,445	\$ 3,883,098	\$ 20,614,838	\$ 20,379,195
Operating grants and contributions	2,401,585	2,869,700	-	-	2,401,585	2,869,700
Capital grants and contributions	103,719	1,035,625	-	-	103,719	1,035,625
General Revenues:						
Sales and use taxes	59,153,632	59,301,855	-	-	59,153,632	59,301,855
Property taxes	8,788,687	9,418,548	-	-	8,788,687	9,418,548
Other taxes	7,680,890	8,160,929	-	-	7,680,890	8,160,929
Intergovernmental revenue not restricted	2,842,123	2,904,688	-	-	2,842,123	2,904,688
Unrestricted Investment income	2,484,355	3,629,529	-	196,707	2,484,355	3,826,236
Rents and royalties	7,973	10,249	-	-	7,973	10,249
Gain (loss) on asset disposals	282,527	(128,757)	-	-	282,527	(128,757)
Other revenue	303,041	311,709	-	-	303,041	311,709
Contribution of capital assets	20,913,209	2,134,971	-	-	20,913,209	2,134,971
Total Revenues	<u>\$ 120,309,136</u>	<u>\$ 106,145,143</u>	<u>\$ 5,267,445</u>	<u>\$ 4,079,805</u>	<u>\$ 125,576,581</u>	<u>\$ 110,224,948</u>
EXPENSES						
Program Activities:						
General government	\$ 11,194,315	\$ 12,553,950	\$ -	\$ -	\$ 11,194,315	\$ 12,553,950
Public safety	40,463,403	41,027,148	-	-	40,463,403	41,027,148
Library	5,016,881	5,290,808	-	-	5,016,881	5,290,808
Municipal court	1,188,252	1,331,392	-	-	1,188,252	1,331,392
Sanitation	4,803,993	5,100,516	-	-	4,803,993	5,100,516
Education	7,100,000	7,500,000	-	-	7,100,000	7,500,000
Highway and roadway improvements	5,436,669	7,067,730	-	-	5,436,669	7,067,730
Recreation services	7,321,789	7,432,739	-	-	7,321,789	7,432,739
Health	253,155	260,070	-	-	253,155	260,070
Interest and fiscal charges	4,764,408	4,639,784	-	-	4,764,408	4,639,784
Sewer services	-	-	3,613,950	3,297,871	3,613,950	3,297,871
Total Expenses	<u>\$ 87,542,865</u>	<u>\$ 92,204,137</u>	<u>\$ 3,613,950</u>	<u>\$ 3,297,871</u>	<u>\$ 91,156,815</u>	<u>\$ 95,502,008</u>
Excess (deficiency) before special items	32,766,271	13,941,007	1,653,495	781,934	34,419,766	14,722,941
SPECIAL ITEMS						
Gain on sale of park land	\$ 422,950	\$ -	\$ -	\$ -	\$ 422,950	\$ -
Revenue rebate to developer	(1,458,303)	-	-	-	(1,458,303)	-
Total special items	<u>\$ (1,035,353)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,035,353)</u>	<u>\$ -</u>
CHANGE IN NET ASSETS	<u>\$ 31,730,917</u>	<u>\$ 13,941,007</u>	<u>\$ 1,653,495</u>	<u>\$ 781,934</u>	<u>\$ 33,384,413</u>	<u>\$ 14,722,941</u>

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



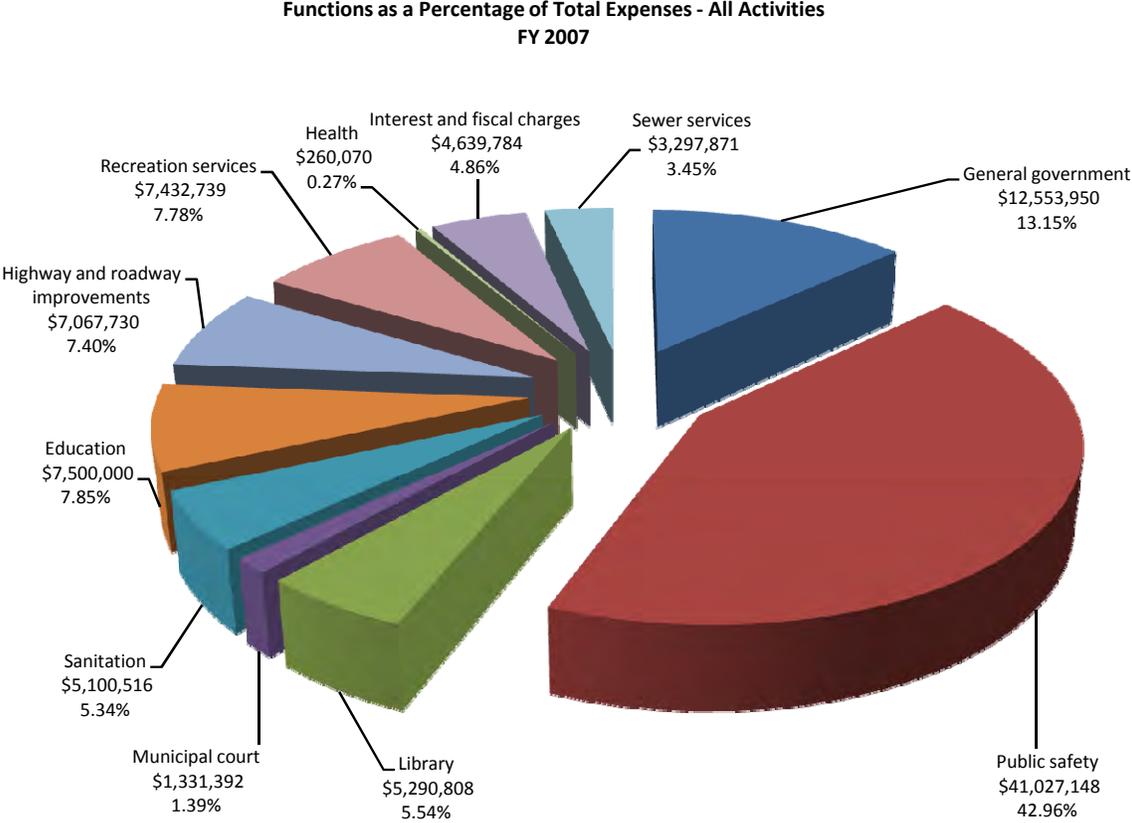
The schedule below shows the % change in detail by each category. The largest decrease in revenues is that of contribution to capital assets, which was mentioned previously. Fiscal year 2007 did not have a large contribution to capital assets so total revenues as compared to fiscal year 2006 decreased.

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

Category	Governmental Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
REVENUES						
Program Revenues:						
Charges for services	12.76%	15.54%	100.00%	95.18%	16.42%	18.49%
Operating grants and contributions	2.00%	2.70%	0.00%	0.00%	1.91%	2.60%
Capital grants and contributions	0.09%	0.98%	0.00%	0.00%	0.08%	0.94%
General Revenues:						
Sales and use taxes	49.17%	55.87%	0.00%	0.00%	47.11%	53.80%
Property taxes	7.31%	8.87%	0.00%	0.00%	7.00%	8.54%
Other taxes	6.38%	7.69%	0.00%	0.00%	6.12%	7.40%
Intergovernmental revenue not restricted	2.36%	2.74%	0.00%	0.00%	2.26%	2.64%
Unrestricted Investment income	2.06%	3.42%	0.00%	4.82%	1.98%	3.47%
Rents and royalties	0.01%	0.01%	0.00%	0.00%	0.01%	0.01%
Gain on sale of disposed equipment	0.23%	-0.12%	0.00%	0.00%	0.22%	-0.12%
Other revenue	0.25%	0.29%	0.00%	0.00%	0.24%	0.28%
Contribution of capital assets	17.38%	2.01%	0.00%	0.00%	16.65%	1.94%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
EXPENSES						
Program Activities:						
General government	12.79%	13.62%	0.00%	0.00%	12.28%	13.15%
Public safety	46.22%	44.50%	0.00%	0.00%	44.39%	42.96%
Library	5.73%	5.74%	0.00%	0.00%	5.50%	5.54%
Municipal court	1.36%	1.44%	0.00%	0.00%	1.30%	1.39%
Sanitation	5.49%	5.53%	0.00%	0.00%	5.27%	5.34%
Education	8.11%	8.13%	0.00%	0.00%	7.79%	7.85%
Highway and roadway improvements	6.21%	7.67%	0.00%	0.00%	5.96%	7.40%
Recreation services	8.36%	8.06%	0.00%	0.00%	8.03%	7.78%
Health	0.29%	0.28%	0.00%	0.00%	0.28%	0.27%
Interest and fiscal charges	5.44%	5.03%	0.00%	0.00%	5.23%	4.86%
Sewer services	0.00%	0.00%	100.00%	100.00%	3.96%	3.45%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
SPECIAL ITEMS						
Gain on sale of park land	-40.85%	0.00%	0.00%	0.00%	-40.85%	0.00%
Revenue rebate to developer	140.85%	0.00%	0.00%	0.00%	140.85%	0.00%
Total special items	100.00%	0.00%	0.00%	0.00%	100.00%	0.00%
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 42.96% of the total expenses on the Statement of Activities. After the general government category that represented 13.15% of expenses, education, recreation services (including park maintenance), and highway and roadway improvements comprised 7.85%, 7.78%, and 7.40% of expenses, respectively. Interest and fiscal charges, which represent mandatory spending (as opposed to discretionary spending) represented only 4.86% of total expenses.



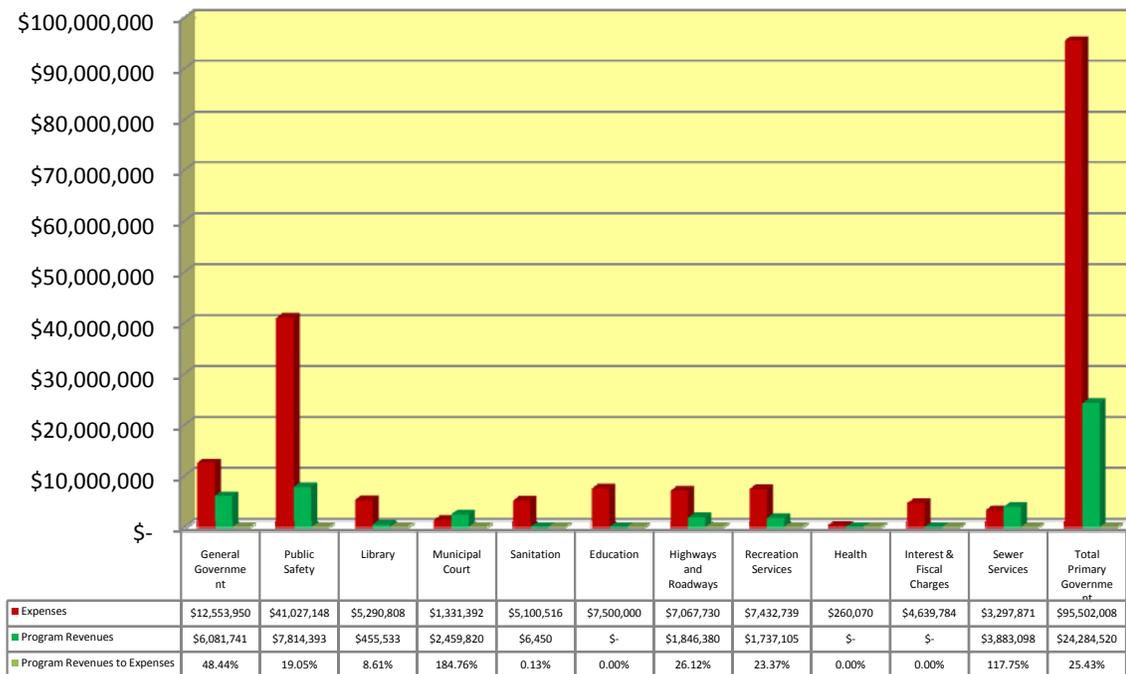
The chart above illustrates the entire expense breakdown by function and corresponding percentage for fiscal year 2007. The percentages match closely with those of fiscal year 2006 in that no category's representation changed more than 2%.

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, in addition to accounting for the largest expense category, Public Safety also makes up the largest program revenue category in the amount of \$7,814,393. The majority of this program revenue comes from Building Inspections, which comprises \$3,743,323 of the total Public Safety program revenue and comes mainly from various charges for service, in particular permit fees.

Expenses and Program Revenues - All Activities
FY 2007



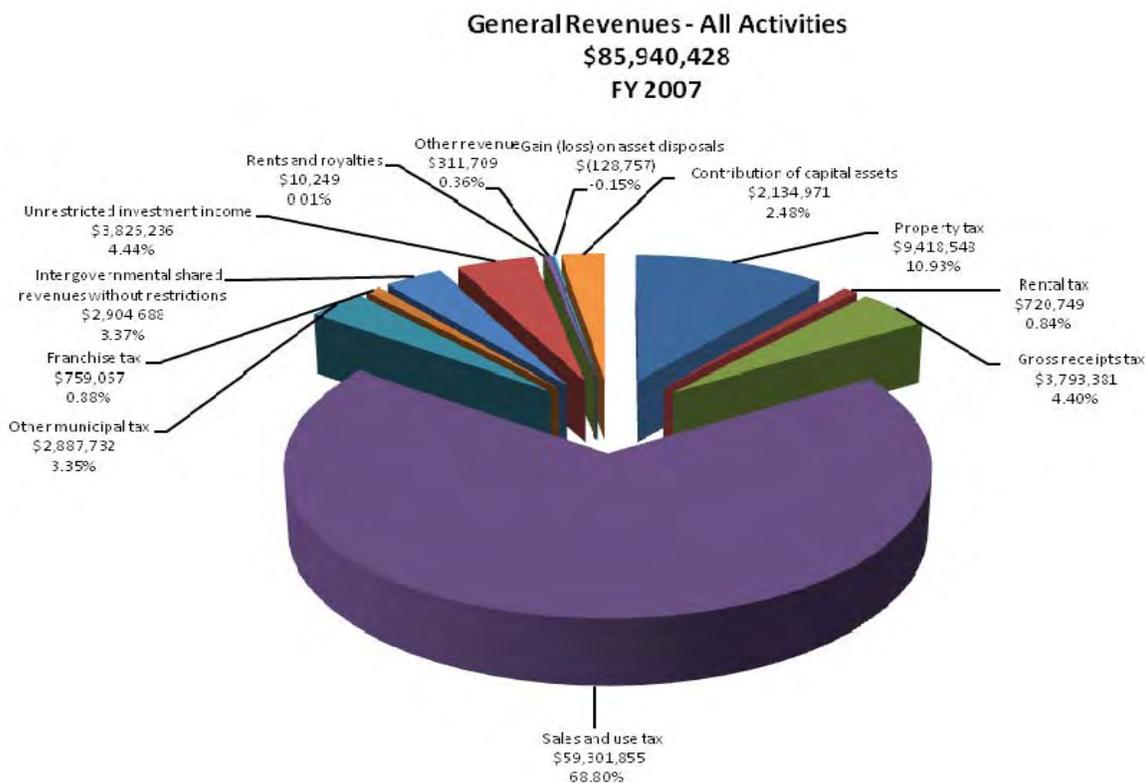
In addition, Municipal Court and Sewer Services are the only programs that take in more revenue than they had expenses. For fiscal year 2007, Municipal Court had expenses totaling \$1,331,392 and program revenues totaling \$2,459,820, which represented 184.76% of revenues to expenses. It is important to note that the some of their funding is used to defray costs of operating the jail.

Sewer Service expenses for fiscal year 2007 totaled \$3,297,871 and program revenues totaled \$3,883,098, which represented 117.75% of revenues to expenses. However, this percentage is substantially lower than fiscal year 2006, which was 145.75% or revenues to expenses in the sewer fund. Management believes that a significant portion of this fluctuation is due to water management plans instituted because of a Stage II drought, as well as large credits issued to commercial users during the year. However, further study is needed to verify the causes of these fluctuations.

General Revenues

As a whole, primary government programs offset 25.43% of their total expenses (\$95,502,008) from program revenue (\$24,284,520). The balance of these programs is funded through general revenues that totaled \$85,940,428.

Sales and use tax encompass the overwhelming percentage of general revenues, making up \$59,301,855 of them, which is 68.80% of total general revenues. The second largest category that contributes to general revenues is property tax, which comprised \$9,418,548 or 10.93% of total revenues. Unrestricted investment income comprised the third largest source of general revenue bringing in \$3,826,236.



Special Items

The City had one special item during the fiscal year ended 2007. Previously, the City entered into an agreement with a developer to annex its proposed shopping center in exchange for a limited time rebate of the sales tax generated by the properties. The effectuation of this agreement spanned three fiscal years with 2007 containing the last of the rebate. Even though this was the last year and the amount was small, because previous years had been included as a special item, we went ahead and accounted for it the same way again. For fiscal year 2007, the amount rebated was \$72,877, which brought the total amount rebated under this agreement to \$2,478,226.

In summary, after taking into account total expenses, total program revenues, total general revenues, and total special items for governmental activities in the Statement of Activities, net assets increased by \$14,722,941 for the primary government. As a result, the net assets at the end of the year totaled \$389,999,369 for all activities. Thus, this increase in net assets demonstrates the strong economic condition of the City and its overall improvement for the fiscal year.

OTHER PROPRIETARY FUNDS

Internal Service Funds

In addition to the Sewer Enterprise Fund, the City has two 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 92-94 of this report.

The City created two internal service funds during fiscal year 2007, the health insurance internal service fund and the workers compensation internal service fund. The former tracks all expenses relating to health and dental insurance for employees, retirees, and cobra participants, as applicable. The latter fund tracks all revenues/expenses related to the administration of our workers compensation program. The City is self-insured for both of these programs.

The health insurance internal service fund ended the year with \$339,785 in net assets while the workers compensation internal service fund end the year with (\$301,338) in net assets for a combined total of \$38,447 in net assets. For the workers compensation fund, the beginning of year net assets are shown in the amount of (\$700,455), which netted with the change in net assets for the year of \$399,117, creating a balance of (\$301,338). The City anticipates that the ending net assets will be positive by the end of the next fiscal year.

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 2007.

2007 Governmental Funds					
	General Fund	Capital Projects Fund	GOW Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Total revenues	\$ 96,390,050	\$ 828,292	\$ 174,505	\$ 6,829,409	\$ 104,222,257
Total expenditures	84,908,751	8,579,895	4,749,523	8,595,683	106,833,852
Total other financing sources (uses)	(11,308,422)	8,152,726	-	3,155,696	-
Total special items	(72,877)	-	-	-	(72,877)
Net change in fund balances	100,000	401,124	(4,575,018)	1,389,422	(2,684,473)
Fund balances, beginning of year	31,000,000	27,214,228	4,810,216	5,830,657	68,855,101
Fund balances, end of year	\$ 31,100,000	\$ 27,615,351	\$ 235,198	\$ 7,220,080	\$ 66,170,628
Percent of fund balance to expenditures	36.63%	321.86%	4.95%	84.00%	61.94%

Other than the general fund, the City has only two other major funds. They are the capital projects fund and the GOW 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, 2007, the City of Hoover's governmental funds reported combined ending fund balances of \$66,170,628. Approximately \$42,619,366 or 64.41% 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 \$23,551,362.

In fiscal year 2006, the combined governmental ending fund balances were \$68,855,101. The total end of the year fund balances decreased by \$2,684,473 from fiscal 2006 to fiscal 2007. This decrease was due to most of the remaining general obligation warrants for capital projects being spent.

In addition, the city council approved a retroactive amendment, which authorized any fund balance in the general fund above \$31.1 million at the end of fiscal year 2007 to be transferred to the capital projects fund.

General Fund

The general fund is the chief operating fund for the City of Hoover. As of September 30, 2007, the total fund balance of the general fund was \$31,100,000 as compared with September 30, 2006 where it was \$31,000,000, an increase of \$100,000. The end of the year fund balance for fiscal year 2007 represents approximately 36.63% of total general fund expenditures.

Capital Projects Fund/GOW 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, 2007, the total ending fund balance for the capital projects fund and the GOW capital projects fund was \$27,615,351 and \$235,198, respectively. Together, these two funds have a combined 2007 fiscal year end fund balance of \$27,850,549, which is lower than 2006's number of \$32,024,444. Even though there were substantial expenditures out of these funds during the year, a transfer from the general fund resulted in only a minimal change in fund balance for the capital projects fund, and the use of most all of the fund balance from the GOW capital projects fund.

The City does have several ongoing projects and commitments that are to be funded from this fund and the remainder of the GOW capital projects fund. These commitments represent projects that have been approved and have been started, but not completed. The total city portion of commitments from these two funds is estimated at \$20,093,688 and is reserved fund balance. The balance, \$7,756,861 is unreserved and available to be allocated to future projects as needed. Additionally, the City budgets transfers from the General Fund to cover new approved capital projects.

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 \$73,750. As shown below, budgeted revenues increased by \$2,357,560, or 2.50% of the original budget. The major reason for the amendments to revenue was to allow for an additional transfer to the capital projects funds for future projects with the increase in revenue that actually occurred in the fiscal year. The original budgeted transfer to the capital projects fund was \$1,150,000, while the final budgeted transfer was \$8,165,852. The balance of funding for the transfer to the capital projects fund was from a reduction in the expenditure budget, which is discussed next.

The total expenditure budget decreased by \$4,474,297, or 5.00%. Again, the major reason for this was to allow an additional transfer to the capital projects funds for future projects with the surplus in the expenditure account at the end of the fiscal year.

General Fund Original Budget to Amended Budget

	Original Budget	Amended Budget	Actual Difference Between Original Budget and Amended Budget	% Difference Between Original Budget and Amended Budget	
Revenues					
Taxes	\$ 78,276,350	\$ 78,376,350	\$ 100,000	0.13	%
Licenses and permits	8,495,150	8,693,407	198,257	2.33	
Intergovernmental	2,106,000	2,516,984	410,984	19.51	
Fines and forfeits	1,400,000	1,434,000	34,000	2.43	
Investment income	1,700,200	3,064,200	1,364,000	80.23	
Rents and royalties	451,200	480,700	29,500	6.54	
Contributions and reimbursements	538,000	680,449	142,449	26.48	
Charges for services	1,351,065	1,421,583	70,518	5.22	
Other	155,000	162,852	7,852	5.07	
Total revenues	<u>94,472,965</u>	<u>96,830,525</u>	<u>2,357,560</u>	2.50	%
Expenditures					
Current operations					
General government	12,626,566	10,474,134	(2,152,432)	-17.05	%
Public safety	36,909,341	35,709,296	(1,200,045)	-3.25	
Library	5,045,634	5,045,645	11	0.00	
Municipal court	108,921	137,016	28,095	25.79	
Sanitation	5,381,857	5,100,517	(281,340)	-5.23	
Education	7,500,000	7,500,000	-	0.00	
Highway and roadway improvements	4,044,407	3,668,521	(375,886)	-9.29	
Recreation services	6,256,501	6,154,162	(102,339)	-1.64	
Health	265,760	253,674	(12,086)	-4.55	
Total	<u>78,138,987</u>	<u>74,042,965</u>	<u>(4,096,022)</u>	-5.24	%
Capital outlays	2,176,946	1,799,871	(377,075)	-17.32	%
Debt service					
Principal	4,670,000	4,670,000	-	0.00	%
Interest	4,488,632	4,488,632	-	0.00	
Fiscal agent fees	6,500	5,300	(1,200)	-18.46	
Bond issuance costs	-	-	-		
Total expenditures	<u>89,481,065</u>	<u>85,006,768</u>	<u>(4,474,297)</u>	-5.00	%
Excess (deficiency) of revenues over (under) expenditures	4,991,900	11,823,757	6,831,857	1.37	
Other financing sources (uses)					
Transfers in	21,364,066	20,129,594	(1,234,472)	-0.06	
Transfers out	(26,248,716)	(31,780,473)	(5,531,757)	0.21	
Total other financing sources (uses)	<u>(4,884,650)</u>	<u>(11,650,879)</u>	<u>(6,766,229)</u>	1.39	
Special items					
Revenue rebate to developer	(81,000)	(72,878)	8,122	-0.10	
Total special items	<u>(81,000)</u>	<u>(72,878)</u>	<u>8,122</u>	-0.10	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 26,250</u>	<u>\$ 100,000</u>	<u>\$ 73,750</u>	2.81	%

In terms of budget to actual, the graph below shows the percentage difference by function for each category. Revenues came in at \$440,475 less than projected. Taxes alone were \$1,495,018 below projections but other revenue categories made up a large part of this difference. Sales tax revenue did not effectuate to the level of the projected increases. As a result, we adjusted the fiscal year 2008 budget projections accordingly.

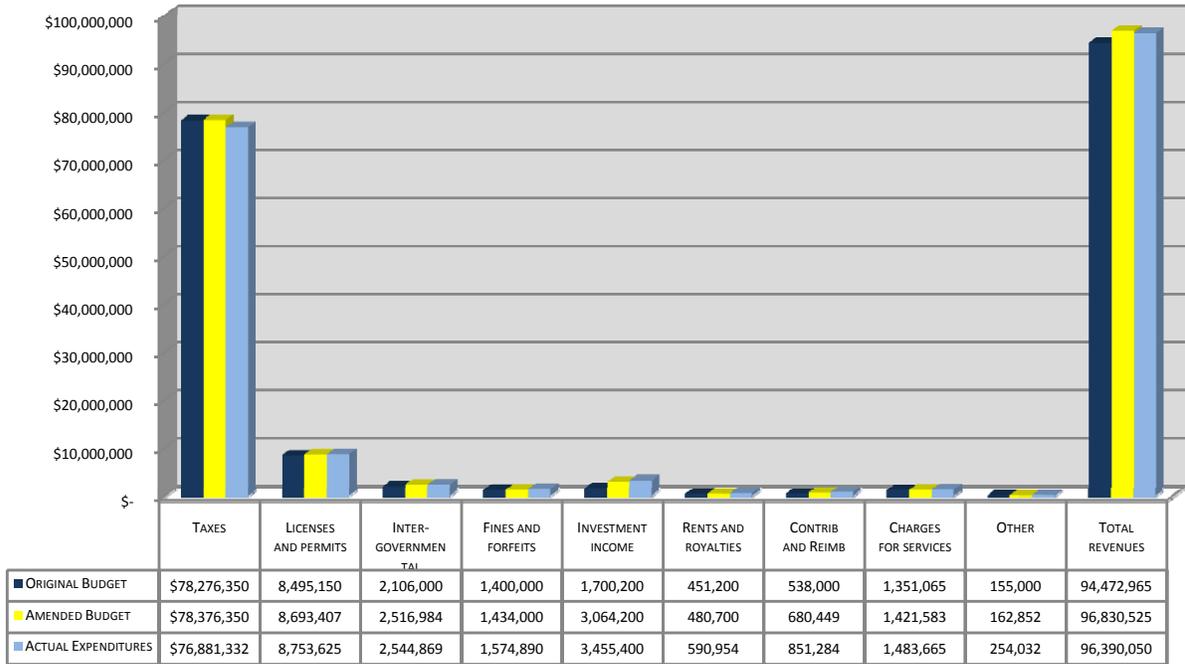
For expenditures, the total expenditures were only \$96,745 less than the amended budget. As mentioned previously, an amendment was done that moved a great deal of surplus to the capital projects fund to finance future capital projects. In addition to revenue surplus, part of this surplus came from the balance in expenditure accounts at the end of fiscal year.

General Fund Original Budget to Amended Budget					
	Original Budget	Amended Budget	Actual	Variance Positive (Negative)	% Difference Between Amended Budget and Actual Expenditure
Revenues					
Taxes	\$ 78,276,350	\$ 78,376,350	\$ 76,881,332	\$ (1,495,018)	-1.91 %
Licenses and permits	8,495,150	8,693,407	8,753,625	60,218	0.69
Intergovernmental	2,106,000	2,516,984	2,544,869	27,885	1.11
Fines and forfeits	1,400,000	1,434,000	1,574,890	140,890	9.82
Investment income	1,700,200	3,064,200	3,455,400	391,200	12.77
Rents and royalties	451,200	480,700	590,954	110,254	22.94
Contributions and reimbursements	538,000	680,449	851,284	170,835	25.11
Charges for services	1,351,065	1,421,583	1,483,665	62,082	4.37
Other	155,000	162,852	254,032	91,180	55.99
Total revenues	<u>94,472,965</u>	<u>96,830,525</u>	<u>96,390,050</u>	<u>(440,475)</u>	<u>-0.45 %</u>
Expenditures					
Current operations					
General government	12,626,566	10,474,134	10,438,020	36,114	0.34 %
Public safety	36,909,341	35,709,296	35,681,809	27,487	0.08
Library	5,045,634	5,045,645	5,044,181	1,464	0.03
Municipal court	108,921	137,016	136,294	722	0.53
Sanitation	5,381,857	5,100,517	5,100,516	1	0.00
Education	7,500,000	7,500,000	7,500,000	-	0.00
Highway & roadway improvements	4,044,407	3,668,521	3,664,426	4,095	0.11
Recreation services	6,256,501	6,154,162	6,128,002	26,160	0.43
Health	265,760	253,674	252,973	701	0.28
Total	<u>78,138,987</u>	<u>74,042,965</u>	<u>73,946,220</u>	<u>96,745</u>	<u>0.13 %</u>
Capital outlays	2,176,946	1,799,871	1,798,892	979	0.05 %
Debt service					
Principal	4,670,000	4,670,000	4,670,000	-	0.00 %
Interest	4,488,632	4,488,632	4,488,630	2	0.00
Fiscal agent fees	6,500	5,300	5,010	290	5.47
Bond issuance costs	-	-	-	-	0.00
Total expenditures	<u>89,481,065</u>	<u>85,006,768</u>	<u>84,908,751</u>	<u>98,017</u>	<u>0.12 %</u>
Excess (deficiency) of revenues over (under) expenditures	4,991,900	11,823,757	11,481,299	(342,458)	-2.90

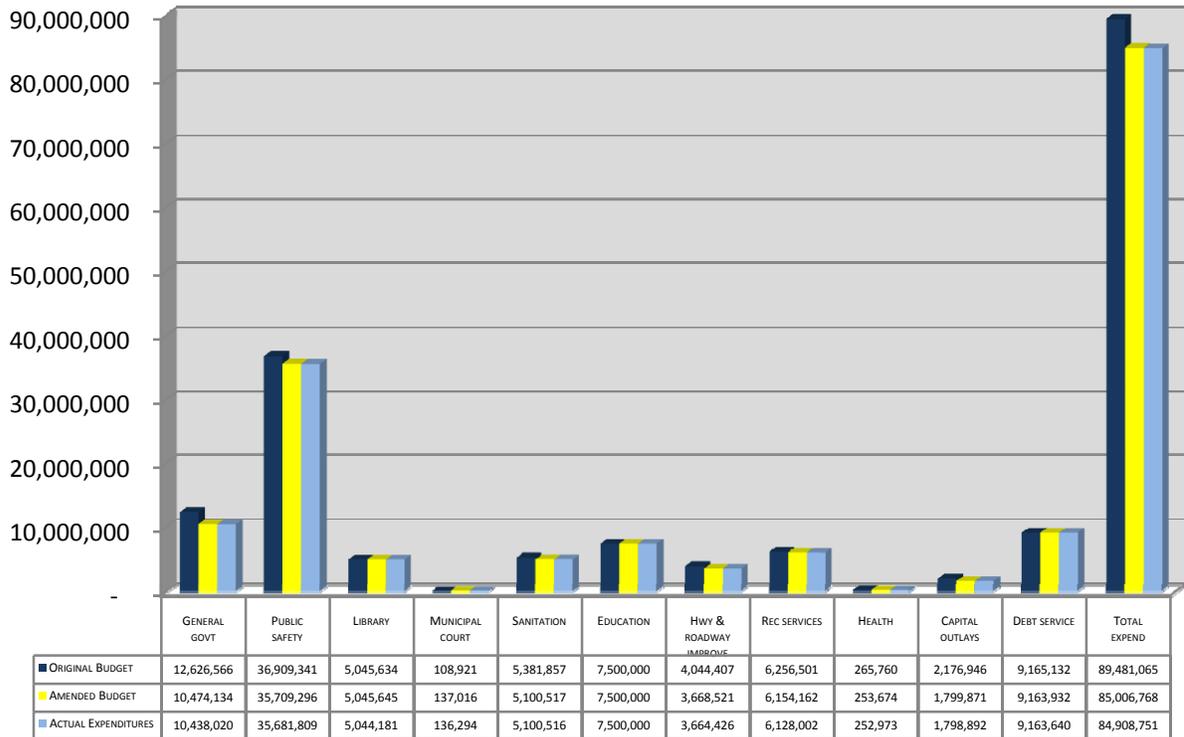
In comparing the original budget with actual, revenues exceeded the original budget by \$1,917,085. The City budgets conservatively with the goal of amending the budget if additional revenues come forth. Also, expenditures were \$4,572,314 less than the original budget. Most of this surplus, \$2,214,865, came from salary and benefits. This was due to either multiple vacancies throughout the year or benefit costs being less than originally anticipated.

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 2007.

**GENERAL FUND BUDGET - REVENUES
COMPARISON OF ORIGINAL BUDGET, AMENDED BUDGET, AND ACTUAL REVENUE
FY 2007**



**GENERAL FUND BUDGET - EXPENDITURES
COMPARISON OF ORIGINAL BUDGET, AMENDED BUDGET, AND ACTUAL EXPENDITURES
FY 2007**



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, 2007, amounts to \$442,375,572 (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.

In fiscal year 2007, the City added completed an inventory and valuation of its storm sewer/drainage improvement assets in compliance with GASB Statement No. 34's requirement for infrastructure reporting. This addition totaled \$13,607,616 and is shown as a prior period adjustment in the statements.

Please refer to the Notes to the Financial Statements section on pages 51-70 for more detail on capital asset activity.

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 2007 represented a complete re-inventory and re-assessment of all streets. The City hired a different outside consultant to inventory, rate, and value its streets and bridges. All streets 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 323.39 miles of street inventoried, 12.18 miles fell below the minimum threshold. These roads have been identified to be addressed in the fiscal year 2008 budget.

The preservation of condition level estimates for streets is shown on page 74. 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. The estimates are prepared by our engineering consulting firm. 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. All of the roads that were rated last fiscal year as a 1 or 2 were re-paved. The estimate was more than the actual cost. Many times a milling estimate is given but it is later determined that it will not be needed, so the cost is less than the estimate.

For 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. Using this 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 2006 evaluation.

Please refer to the Other Required Supplementary Information section, which begins on page 71, for more detail on this modified approach to infrastructure reporting.

Business-type activities had two additions to its assets. Most of this was related to construction in progress for engineering on future improvements to the Riverchase sewer system at \$2,663,339. The other item was the purchase of a sewer truck in the amount of \$169,988. The net change with accumulated depreciation for the sewer system assets was \$1,593,463).

Debt Administration

As of the fiscal year end, the City of Hoover had \$99,245,000 of governmental debt and \$13,600,000 of business-type debt outstanding. The City maintains an AA credit rating from Standard and Poor's Corporation and an Aa3 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 \$281,095,047, which is significantly in excess of the City of Hoover's outstanding general obligation debt by \$181,850,047. 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. 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 taxes. As indicated previously, sales tax growth has slowed considerably in the last fiscal year as it tracks the overall economy. In the business-type activities, the sewer, the user pays a fee or charge associated with the service.

The unemployment rate for the City of Hoover for 2007 was 2.1%, which is favorable compared to the State of Alabama and nationally.

Overall, the City is vibrant and growing, but at a slower rate than the previous year. The City has been fortunate to be able to maintain some growth, while much of the nation has not been so fortunate. Fiscal year 2007 was a great year for the City's finances. Many capital projects were finished and others begun, some of which will be completed in fiscal year 2008.

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.

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BASIC FINANCIAL STATEMENTS

THE CITY OF HOOVER, ALABAMA
Statement of Net Assets
September 30, 2007

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current assets			
Pooled cash and investments	\$ 63,370,618	\$ 1,975,382	\$ 65,346,000
Receivables:			
Taxes	6,017,156	-	6,017,156
Accounts	2,296,924	269,956	2,566,880
Due from other governments	117,208	-	117,208
Inventories	108,904	-	108,904
Prepaid items	213,083	-	213,083
Total current assets	<u>72,123,892</u>	<u>2,245,339</u>	<u>74,369,231</u>
Noncurrent assets			
Capital assets			
Depreciable:			
Buildings/improvements to buildings	86,364,662	26,626,760	112,991,422
Storm sewer inventory/drainage improvements	44,735,736	-	44,735,736
Equipment and vehicles	26,959,172	760,500	27,719,672
Improvements o/t buildings	15,940,017	3,721,900	19,661,916
Other infrastructure	5,420,547	23,673,367	29,093,914
Accumulated depreciation	(55,127,479)	(21,670,541)	(76,798,020)
Non-depreciable:			
Land	30,395,986	1,670,000	32,065,986
Streets and bridges	239,504,100	-	239,504,100
Construction in progress - street inventory	4,218,340	-	4,218,340
Construction in progress - other	6,158,456	3,024,049	9,182,505
Total capital assets, net of depreciation	<u>404,569,537</u>	<u>37,806,035</u>	<u>442,375,572</u>
Other assets	696,188	178,838	875,026
Long-term receivables	324,580	-	324,580
Total noncurrent assets	<u>405,590,305</u>	<u>37,984,872</u>	<u>443,575,177</u>
Total assets	<u>\$ 477,714,197</u>	<u>\$ 40,230,211</u>	<u>\$ 517,944,408</u>
Liabilities			
Current liabilities payable from current assets			
Accounts payable and accrued liabilities	\$ 5,503,229	\$ 241,191	\$ 5,744,420
Interest payable	367,288	60,943	428,231
Deferred revenue	6,409	-	6,409
Refundable deposits	1,740	-	1,740
Internal payable	1,705	(1,705)	-
Current maturities of long-term liabilities:			
Bonds and warrants payable, net	4,647,610	785,000	5,432,610
Compensated absences	3,458,723	8,870	3,467,594
Claims payable workers compensation	402,976	-	402,976
Claims payable property and casualty	691,806	-	691,806
Total current liabilities	<u>15,081,488</u>	<u>1,094,299</u>	<u>16,175,787</u>
Long-term liabilities			
Bonds and warrants payable, net	92,200,360	12,815,000	105,015,360
Compensated absences	5,951,888	14,261	5,966,149
Claims payable workers compensation	325,043	-	325,043
Claims payable property and casualty	462,701	-	462,701
Total noncurrent liabilities	<u>98,939,991</u>	<u>12,829,261</u>	<u>111,769,252</u>
Total liabilities	<u>114,021,479</u>	<u>13,923,560</u>	<u>127,945,039</u>
Net assets			
Invested in capital assets, net of related debt	307,721,567	24,206,035	331,927,602
Restricted for capital projects	22,904,794	-	22,904,794
Restricted for special revenue funds	4,408,972	-	4,408,972
Unrestricted	28,657,385	2,100,616	30,758,001
Total net assets	<u>\$ 363,692,718</u>	<u>\$ 26,306,651</u>	<u>\$ 389,999,369</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, 2007

Functions	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
Primary government							
Governmental activities							
General government	\$ 12,553,950	\$ 5,209,005	\$ 450,086	422,650	\$ (6,472,209)	\$ -	\$ (6,472,209)
Public safety	41,027,148	7,010,384	804,009	-	(33,212,755)	-	(33,212,755)
Library	5,290,808	311,405	144,128	-	(4,835,275)	-	(4,835,275)
Municipal court	1,331,392	2,421,341	38,479	-	1,128,428	-	1,128,428
Sanitation	5,100,516	6,450	-	-	(5,094,066)	-	(5,094,066)
Education	7,500,000	-	-	-	(7,500,000)	-	(7,500,000)
Highway and roadway improvements	7,067,730	-	1,233,405	612,975	(5,221,350)	-	(5,221,350)
Recreation services	7,432,739	1,537,513	199,592	-	(5,695,634)	-	(5,695,634)
Health	260,070	-	-	-	(260,070)	-	(260,070)
Interest and fiscal charges	4,639,784	-	-	-	(4,639,784)	-	(4,639,784)
Total governmental activities	<u>92,204,137</u>	<u>16,496,097</u>	<u>2,869,700</u>	<u>1,035,625</u>	<u>(71,802,714)</u>	<u>-</u>	<u>(71,802,714)</u>
Business-type activities							
Sewer services	3,297,871	3,883,098	-	-	-	585,227	585,227
Total business-type activities	<u>3,297,871</u>	<u>3,883,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>585,227</u>	<u>585,227</u>
Total primary government	<u>\$ 95,502,008</u>	<u>\$ 20,379,196</u>	<u>\$ 2,869,700</u>	<u>\$ 1,035,625</u>	<u>(71,802,714)</u>	<u>585,227</u>	<u>(71,217,487)</u>
General revenues							
Property tax					9,418,548	-	9,418,548
In lieu of property tax					-	-	-
Rental tax					720,749	-	720,749
Gross receipts tax					3,793,381	-	3,793,381
Sales and use tax					59,301,855	-	59,301,855
Other municipal tax					2,887,732	-	2,887,732
Franchise tax					759,067	-	759,067
Intergovernmental shared revenues without restrictions					2,904,688	-	2,904,688
Unrestricted investment income					3,629,529	196,707	3,826,236
Rents and royalties					10,249	-	10,249
Other revenue					311,709	-	311,709
Gain (loss) on asset disposals					(128,757)	-	(128,757)
Contribution of capital assets					2,134,971	-	2,134,971
Total general revenues					<u>85,743,721</u>	<u>196,707</u>	<u>85,940,428</u>
Change in net assets					13,941,007	781,934	14,722,941
Net assets at beginning of year					336,144,095	25,524,717	361,668,812
Prior period adjustment (Note #12)					13,607,616	-	13,607,616
Net assets at beginning of year restated					<u>349,751,711</u>	<u>25,524,717</u>	<u>375,276,428</u>
Net assets at end of year					<u>\$ 363,692,718</u>	<u>\$ 26,306,651</u>	<u>\$ 389,999,369</u>

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

THE CITY OF HOOVER, ALABAMA
Balance Sheet
Governmental Funds
September 30, 2007

	General Fund	Capital Projects Fund	GOW Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 26,144,158	\$ 28,244,341	\$ 257,448	\$ 7,443,302	\$ 62,089,251
Receivables					
Taxes	6,017,156	-	-	-	6,017,156
Accounts	1,462,608	134,144	10,191	689,980	2,296,924
Due from other governments	1,378	-	-	115,831	117,208
Internal balances	497,096	-	-	-	497,096
Inventories	108,904	-	-	-	108,904
Prepaid items	213,083	-	-	-	213,083
Non-current receivable	324,580	-	-	-	324,580
	<u>\$ 34,768,963</u>	<u>\$ 28,378,486</u>	<u>\$ 267,639</u>	<u>\$ 8,249,113</u>	<u>\$ 71,664,201</u>
Liabilities and fund balances					
Liabilities					
Accounts payable and accrued liabilities	\$ 3,660,813	\$ 763,134	\$ 32,441	\$ 531,939	\$ 4,988,328
Deferred revenue	6,409	-	-	-	6,409
Internal balances	-	-	-	497,096	497,096
Refundable deposits	1,740	-	-	-	1,740
	<u>3,668,963</u>	<u>763,134</u>	<u>32,441</u>	<u>1,029,035</u>	<u>5,493,573</u>
Fund balances					
Reserved for non-current receivable	324,580	-	-	-	324,580
Reserved for inventory	94,307	-	-	-	94,307
Reserved for prepaid items	227,681	-	-	-	227,681
Reserved for capital projects	-	19,858,490	235,198	2,811,106	22,904,794
Unreserved					
General fund	30,453,433	-	-	-	30,453,433
Capital projects funds	-	7,756,861	-	-	7,756,861
Special revenue funds	-	-	-	4,408,972	4,408,972
	<u>31,100,000</u>	<u>27,615,351</u>	<u>235,198</u>	<u>7,220,078</u>	<u>66,170,628</u>
Total liabilities and fund balances	<u>\$ 34,768,963</u>	<u>\$ 28,378,486</u>	<u>\$ 267,639</u>	<u>\$ 8,249,113</u>	<u>\$ 71,664,201</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.	404,569,537
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.	36,742
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(107,084,189)</u>

Net assets of governmental activities \$ 363,692,718

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, 2007

	General Fund	Capital Projects Fund	GOW Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 76,881,332	\$ -	\$ -	\$ -	\$ 76,881,332
Licenses and permits	8,753,625	-	-	-	8,753,625
Intergovernmental	2,544,869	422,650	-	2,847,871	5,815,390
Fines and forfeits	1,574,890	14,850	-	2,875,824	4,465,564
Investment income	3,455,400	-	174,505	98,361	3,728,266
Rents and royalties	590,954	110,000	-	-	700,954
Contributions and reimbursements	851,284	124,967	-	2,453	978,704
Charges for services	1,483,665	-	-	1,003,802	2,487,467
Other	254,032	155,825	-	1,099	410,956
Total revenues	<u>96,390,050</u>	<u>828,292</u>	<u>174,505</u>	<u>6,829,409</u>	<u>104,222,257</u>
Expenditures					
Current operations					
General government	10,438,020	506,794	43,496	169,979	11,158,288
Public safety	35,681,809	260,460	1,468	4,229,635	40,173,371
Library	5,044,181	-	-	-	5,044,181
Municipal court	136,294	-	-	1,183,204	1,319,497
Sanitation	5,100,516	-	-	-	5,100,516
Education	7,500,000	-	-	-	7,500,000
Highway and roadway improvements	3,664,426	34,542	-	802,041	4,501,009
Recreation services	6,128,002	197,469	-	20,510	6,345,982
Health	252,973	-	-	-	252,973
Total	<u>73,946,220</u>	<u>999,265</u>	<u>44,964</u>	<u>6,405,369</u>	<u>81,395,817</u>
Capital outlays	1,798,892	7,580,630	4,704,559	2,190,314	16,274,396
Debt service:					
Principal	4,670,000	-	-	-	4,670,000
Interest	4,488,630	-	-	-	4,488,630
Fiscal agent fees	5,010	-	-	-	5,010
Total expenditures	<u>84,908,751</u>	<u>8,579,895</u>	<u>4,749,523</u>	<u>8,595,683</u>	<u>106,833,852</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,481,299</u>	<u>(7,751,603)</u>	<u>(4,575,018)</u>	<u>(1,766,274)</u>	<u>(2,611,596)</u>
Other financing sources (uses)					
Transfers in	19,840,850	8,152,726	-	3,165,696	31,159,272
Transfers out	(31,149,272)	-	-	(10,000)	(31,159,272)
Total other financing sources (uses)	<u>(11,308,422)</u>	<u>8,152,726</u>	<u>-</u>	<u>3,155,696</u>	<u>-</u>
Special Items					
Revenue rebate to developer	(72,877)	-	-	-	(72,877)
Total special items	<u>(72,877)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(72,877)</u>
Net change in fund balances	100,000	401,124	(4,575,018)	1,389,422	(2,684,473)
Fund balances, beginning of year	<u>31,000,000</u>	<u>27,214,228</u>	<u>4,810,216</u>	<u>5,830,657</u>	<u>68,855,101</u>
Fund balances, end of year	<u>\$ 31,100,000</u>	<u>\$ 27,615,351</u>	<u>\$ 235,198</u>	<u>\$ 7,220,078</u>	<u>\$ 66,170,628</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, 2007

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (2,684,473)

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	4,670,000
Amortization of bond issuance costs	(81,717)
Amortization of debt premium on 2004 issue	198,306
Amortization of debt discount on 2003 issue	(7,300)
Amortization of deferred loss 2003 and 2004 issues	(348,120)

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

Capital outlays capitalized	14,966,154
Depreciation	(4,369,255)

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	2,134,971
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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	(527,922)
Accumulated depreciation of assets disposed	388,715

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

10,970

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.

Claims and judgments payable	(569,052)
Accrued compensated absences	(577,468)

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

737,197

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 13,941,007

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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 78,276,350	\$ 78,376,350	\$ 76,881,332	\$ (1,495,018)
Licenses and permits	8,495,150	8,693,407	8,753,625	60,218
Intergovernmental	2,106,000	2,516,984	2,544,869	27,885
Fines and forfeits	1,400,000	1,434,000	1,574,890	140,890
Investment income	1,700,200	3,064,200	3,455,400	391,200
Rents and royalties	451,200	480,700	590,954	110,254
Contributions and reimbursements	538,000	680,449	851,284	170,835
Charges for services	1,351,065	1,421,583	1,483,665	62,082
Other	155,000	162,852	254,032	91,180
Total revenues	<u>94,472,965</u>	<u>96,830,525</u>	<u>96,390,050</u>	<u>(440,475)</u>
Expenditures				
Current operations				
General government	12,626,566	10,474,134	10,438,020	36,114
Public safety	36,909,341	35,709,296	35,681,809	27,487
Library	5,045,634	5,045,645	5,044,181	1,464
Municipal court	108,921	137,016	136,294	722
Sanitation	5,381,857	5,100,517	5,100,516	1
Education	7,500,000	7,500,000	7,500,000	-
Highway and roadway improvements	4,044,407	3,668,521	3,664,426	4,095
Recreation services	6,256,501	6,154,162	6,128,002	26,160
Health	265,760	253,674	252,973	701
Total	<u>78,138,987</u>	<u>74,042,965</u>	<u>73,946,220</u>	<u>96,745</u>
Capital outlays	2,176,946	1,799,871	1,798,892	979
Debt service:				
Principal	4,670,000	4,670,000	4,670,000	-
Interest	4,488,632	4,488,632	4,488,630	2
Fiscal agent fees	6,500	5,300	5,010	290
Total expenditures	<u>89,481,065</u>	<u>85,006,768</u>	<u>84,908,751</u>	<u>98,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,991,900</u>	<u>11,823,757</u>	<u>11,481,299</u>	<u>(342,458)</u>
Other financing sources (uses)				
Transfers in	21,364,066	20,129,594	19,840,850	(288,744)
Transfers out	(26,248,716)	(31,780,473)	(31,149,272)	631,201
Total other financing sources (uses)	<u>(4,884,650)</u>	<u>(11,650,879)</u>	<u>(11,308,422)</u>	<u>342,457</u>
Special items				
Revenue rebate to developer	(81,000)	(72,878)	(72,877)	1
Total special items	<u>(81,000)</u>	<u>(72,878)</u>	<u>(72,877)</u>	<u>1</u>
Net change in fund balances	26,250	100,000	100,000	-
Fund balances, beginning of year	<u>31,000,000</u>	<u>31,000,000</u>	<u>31,000,000</u>	<u>-</u>
Fund balances, end of year	<u>\$ 31,026,250</u>	<u>\$ 31,100,000</u>	<u>\$ 31,100,000</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, 2007

	Business-type Activities - Enterprise Funds	
	Sewer	Internal Service Funds
Assets		
Current assets:		
Pooled cash and investments	\$ 1,975,382	\$ 1,281,367
Accounts receivable	269,956	-
Total current assets	2,245,339	1,281,367
Noncurrent assets:		
Capital assets		
Land	1,670,000	-
Construction in progress	3,024,049	-
Buildings/improvements to buildings	26,626,760	-
Equipment and vehicles	760,500	-
Improvements o/t buildings	3,721,900	-
Infrastructure improvements	23,673,367	-
Less accumulated depreciation	(21,670,541)	-
Total capital assets (net of accumulated depreciation)	37,806,035	-
Other assets	178,838	-
Total noncurrent assets	37,984,872	-
Total assets	\$ 40,230,211	\$ 1,281,367
Liabilities		
Current liabilities:		
General obligation warrants payable	\$ 785,000	\$ -
Accounts payable	127,353	20,778
Retainage payable	112,061	-
Accrued expenses	1,778	494,124
Interest payable	60,943	-
Claims payable	-	402,976
Compensated absences	8,870	-
Total current liabilities	1,096,004	917,877
Noncurrent liabilities:		
Compensated absences	14,261	-
Claims payable	-	325,043
General obligation warrants payable	12,815,000	-
Total noncurrent liabilities	12,829,261	325,043
Total liabilities	13,925,265	1,242,920
Net assets		
Investment in capital assets, net of related debt	24,206,035	-
Unrestricted	2,098,911	38,447
Total net assets	\$ 26,304,946	\$ 38,447
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.	1,705	
Net assets of business-type activities	\$ 26,306,651	

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, 2007

	Business-type Activities - Enterprise Funds	
	Sewer	Internal Service Funds
Operating revenues		
Charges for services	\$ 3,883,098	\$ 6,265,807
Stop loss reimbursements	-	84,783
Subrogation recoveries	-	762
Rebates or refunds	-	79,395
Total operating revenue	3,883,098	6,430,746
Operating expenses		
Costs of services	-	6,058,577
Collection fees	134,676	-
Depreciation	1,239,864	-
Management fees	613,569	-
Personal services	107,081	-
Repairs and maintenance	281,106	-
Supplies	87,563	-
Telephone	16,254	-
Utilities	293,407	-
Total operating expenses	2,773,520	6,058,577
Operating income (loss)	1,109,578	372,169
Non-operating revenues (expenses)		
Investment earnings	196,707	-
Other revenue	-	366,734
Interest and fiscal charges	(526,056)	-
Total non-operating revenues (expenses)	(329,349)	366,734
Change in net assets	780,229	738,902
Net assets, beginning of year		(700,455)
Net assets, end of year		\$ 38,447
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.	1,705	
Change in net assets of business-type activities	\$ 781,934	

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, 2007

	Business-type Activities - Enterprise Funds	
	Sewer	Internal Service Funds
Cash flows from operating activities		
Cash received from customers	\$ 4,032,202	\$ -
Cash payments to suppliers	(726,620)	(5,543,675)
Cash received from stop loss reimbursements	-	84,783
Cash received from government	-	5,228,992
Cash received from subrogation	-	762
Cash received from rebates	-	79,395
Cash received from employee premiums	-	1,036,814
Cash payments to management companies	(613,569)	-
Cash payments to employees	(105,534)	-
Net cash provided (used) by operating activities	2,586,479	887,070
Cash flows from noncapital financing activities		
Other revenue	-	394,297
Transfer to other funds	-	-
Transfer from other funds	-	-
Net cash provided (used) by noncapital financing activities	-	394,297
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(2,833,327)	-
Payments of warrants	(760,000)	-
Cash paid for interest on debt	(515,970)	-
Net cash provided (used) by capital and related financing activities	(4,109,297)	-
Cash flows from investing activities		
Interest and dividends received	196,707	-
Net cash provided (used) by investing activities	196,707	-
Net increase (decrease) in pooled cash and investments	(1,326,111)	1,281,367
Pooled cash and investments, beginning of year	3,301,493	-
Pooled cash and investments, end of year	\$ 1,975,382	\$ 1,281,367
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 1,109,578	\$ 372,169
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	1,239,864	-
(Increase) decrease in accounts receivable	149,103	-
Increase (decrease) in accounts payable and accrued expenses	86,605	514,902
Increase (decrease) in compensated absences payable	1,328	-
Total adjustments	1,476,901	514,902
Net cash provided by operating activities	\$ 2,586,479	\$ 887,070

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, 2007

(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, 2007

(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.

GOW Capital Projects Fund -

The GOW Capital Projects Fund is used to account for the net proceeds from the Series 2003 general obligation warrants. These funds have and will be used for the acquisition and construction of major capital projects.

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.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2007

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

C. Basis of Presentation (Continued)

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.

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 Fund is used to account for all health and dental insurance related costs for employees and retirees, including those participating in cobra.

The Workers Compensation Fund is used to account for all workers compensation related 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, 2007

(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 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 fiscal year.
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 level. Management may not amend or transfer appropriations within the budget at or above the fund level without the approval of the City Council. 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, 2007

(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 General Fund, GOW Capital Projects Fund, State Drug Enforcement Fund, Federal Department of Justice Drug Fund, Federal Department of Treasury Drug Fund, and the Sewer Enterprise Fund based on the investments 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, 2007, most all of the City's depositories are participating in the SAFE program, with a bank balance of \$13,480,061 and a carrying balance of \$10,330,448.

All investments with a remaining maturity of more than one year at the time of purchase are reported at fair value in accordance with GASB Statement No. 31.

As of September 30, 2007, the City had the following investments and maturities.

	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-2	3-5	6-8
Repurchase agreements	\$ 636,865	\$ 636,865	\$ -	\$ -	\$ -
Money market accounts	71,225	71,225	-	-	-
Certificates of Deposit	35,000	35,000	-	-	-
U.S. Government Agencies:					
Federal Home Loan Bank	17,357,218	-	5,054,698	12,302,520	-
Federal National Mortgage Association	18,969,045	7,400,750	9,570,175	1,998,120	-
Federal Home Loan Mortgage Corp	10,108,312	-	4,114,342	4,993,820	1,000,150
Federal Farm Credit Bank	<u>7,906,870</u>	<u>-</u>	<u>1,075,000</u>	<u>6,831,870</u>	<u>-</u>
Total U.S. government agencies	<u>54,341,445</u>	<u>7,400,750</u>	<u>19,814,215</u>	<u>26,126,330</u>	<u>1,000,150</u>
Grand total all investments	<u>\$ 55,084,535</u>	<u>\$ 8,143,840</u>	<u>\$ 19,814,215</u>	<u>\$ 26,126,330</u>	<u>\$ 1,000,150</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from the rising interest rates, the City's investment committee, through its operation, has limited the City's investment portfolio to maturities of less than eight 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, 2007

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

F. Deposits and Investments (continued)

Repurchase Agreement. The City entered into a repurchase agreement with Alabama Banker's Bank (ABB) on 9/28/07 to purchase a Federal Home Loan Mortgage Corp (FHLMC) Fixed Note, maturity date 12/18/2012, face value \$642,250 and fair value \$639,039, for \$636,865. ABB agreed to repurchase the investment on 10/5/2007 for \$637,364, a total of the City's original investment plus 4.69% APR interest.

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 the lower of weighted average cost or market.

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 "Interfund Receivables/Payables." 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 Balances."

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.

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."

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2007

(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 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 2007. 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.

In compliance with GASB Statement No. 34, for fiscal year 2007, the City conducted an inventory and calculated an historical value of its storm sewer systems that included endpoints, inlets, manholes, road culverts, side drains, and improved ditches. These assets were added to the financial statements at historical value with a corresponding depreciation to date (See Note 12).

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2007

(2) CAPITAL ASSETS (CONTINUED)

	Balance Beginning of Year	Prior Period Adjustment	Classification Reclasses	Adjusted Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities							
Capital assets not being depreciated							
Land	30,215,306	-	-	30,215,306	180,680	-	30,395,986
Construction in progress	10,431,764	(42,497)	-	10,389,267	4,590,282	(8,821,094)	6,158,456
Infrastructure:							
Construction in progress - city paid roads	928,719	-	-	928,719	-	(928,719)	-
Street system inventory	243,588,144	(10,643,530)	-	232,944,614	6,438,592	(2,839,926)	236,543,279
Street system inventory - cip	4,256,966	-	-	4,256,966	2,903,154	(2,941,780)	4,218,340
Bridges inventory	2,960,821	-	-	2,960,821	-	-	2,960,821
Total capital assets not being depreciated	<u>292,381,719</u>	<u>(10,686,027)</u>	<u>-</u>	<u>281,695,692</u>	<u>14,112,708</u>	<u>(15,531,519)</u>	<u>280,276,881</u>
Other capital assets							
Buildings/improvements to buildings	73,664,417	-	-	73,664,417	12,934,375	(234,131)	86,364,662
Storm sewer inventory/drainage improvements	-	44,735,736	-	44,735,736	-	-	44,735,736
Equipment and vehicles	23,185,208	-	-	23,185,208	4,067,756	(293,792)	26,959,172
Improvements o/t buildings	16,984,281	(9,496)	(1,087,445)	15,887,340	52,676	-	15,940,017
Other infrastructure	3,958,268	(1,090,294)	1,087,445	3,955,419	1,465,129	-	5,420,547
Total other capital assets at historical cost	<u>117,792,174</u>	<u>43,635,946</u>	<u>-</u>	<u>161,428,120</u>	<u>18,519,936</u>	<u>(527,922)</u>	<u>179,420,134</u>
Less accumulated depreciation for							
Buildings and capital facilities	13,276,591	-	-	13,276,591	1,021,517	(97,953)	14,200,156
Storm sewer inventory/drainage improvements	-	19,490,884	-	19,490,884	816,642	-	20,307,526
Equipment and vehicles	15,220,976	-	-	15,220,976	1,756,888	(290,763)	16,687,102
Improvements	2,634,651	(1,129)	(176,287)	2,457,236	637,157	-	3,094,393
Other infrastructure	672,417	(147,452)	176,287	701,252	137,050	-	838,302
Total accumulated depreciation	<u>31,804,635</u>	<u>19,342,304</u>	<u>-</u>	<u>51,146,939</u>	<u>4,369,255</u>	<u>(388,715)</u>	<u>55,127,479</u>
Other capital assets, net	<u>85,987,539</u>	<u>24,293,642</u>	<u>-</u>	<u>110,281,181</u>	<u>14,150,682</u>	<u>(139,207)</u>	<u>124,292,656</u>
Governmental activities capital assets, net	<u>378,369,258</u>	<u>13,607,616</u>	<u>-</u>	<u>391,976,873</u>	<u>28,263,390</u>	<u>(15,670,726)</u>	<u>404,569,537</u>
Business Type Activities - Sewer Fund							
Capital assets not being depreciated							
Land	1,670,000	-	-	1,670,000	-	-	1,670,000
Construction in progress	360,710	-	-	360,710	2,663,339	-	3,024,049
Total capital assets not being depreciated	<u>2,030,710</u>	<u>-</u>	<u>-</u>	<u>2,030,710</u>	<u>2,663,339</u>	<u>-</u>	<u>4,694,049</u>
Other capital assets							
Buildings/improvements to buildings	26,626,760	-	-	26,626,760	-	-	26,626,760
Equipment and vehicles	590,512	-	-	590,512	169,988	-	760,500
Improvements o/t buildings	3,721,900	-	-	3,721,900	-	-	3,721,900
Infrastructure improvements	23,673,367	-	-	23,673,367	-	-	23,673,367
Total other capital assets at historical cost	<u>54,612,539</u>	<u>-</u>	<u>-</u>	<u>54,612,539</u>	<u>169,988</u>	<u>-</u>	<u>54,782,527</u>
Less accumulated depreciation for							
Buildings/improvements to buildings	8,450,228	-	-	8,450,228	503,045	-	8,953,273
Equipment and vehicles	554,758	-	-	554,758	23,990	-	578,749
Improvements o/t buildings	1,752,551	-	-	1,752,551	220,304	-	1,972,855
Infrastructure improvements	9,673,141	-	-	9,673,141	492,525	-	10,165,665
Total accumulated depreciation	<u>20,430,677</u>	<u>-</u>	<u>-</u>	<u>20,430,677</u>	<u>1,239,864</u>	<u>-</u>	<u>21,670,541</u>
Other capital assets, net	<u>34,181,862</u>	<u>-</u>	<u>-</u>	<u>34,181,862</u>	<u>(1,069,876)</u>	<u>-</u>	<u>33,111,986</u>
Business-type activities capital assets, net	<u>36,212,572</u>	<u>-</u>	<u>-</u>	<u>36,212,572</u>	<u>1,593,463</u>	<u>-</u>	<u>37,806,035</u>

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

Governmental activities:	
General government and administration	707,058
Public safety	1,054,469
Library	242,407
Municipal court	483
Highway and roadway improvements	1,241,428
Recreational services	1,118,148
Health	5,261
Total depreciation expense - Governmental activities	<u>4,369,255</u>
Business-type activities:	
Sewer services	1,239,864
Total depreciation expense - Business-type activities	<u>1,239,864</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, 2007

(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.

At September 30, 2007, bonds payable consisted of the following individual issues:

	<u>Governmental</u>	<u>Business-type</u>
\$12,400,000 general obligation warrants dated May 1, 1999; due \$525,000 to \$2,800,000 annually beginning September 1, 1999; interest at 3.20% to 4.45% due semiannually commencing September 1, 1999	\$ 6,255,000	\$ -
\$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	64,710,000	-
\$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	28,280,000	-
\$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	-	6,175,000
\$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	-	<u>7,425,000</u>
Total Bonds Payable	<u>\$ 99,245,000</u>	<u>\$ 13,600,000</u>
Less deferred amounts:		
For issue discounts (2003)	(69,008)	-
For issue premiums (2004)	1,382,285	-
For deferred loss on refunding (2003)	(870,236)	-
For deferred loss on refunding (2004)	<u>(2,840,072)</u>	<u>-</u>
Total Bonds Payable, net	<u>\$ 96,847,970</u>	<u>\$ 13,600,000</u>

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2007

(3) LONG-TERM DEBT (CONTINUED):

Changes in Outstanding Debt:

	Balance October 1, 2006	Additions	Reductions	Balance September 30, 2007	Due within one year
Governmental activities					
Bonds payable	\$ 103,915,000	\$ -	\$ 4,670,000	\$ 99,245,000	\$ 4,805,000
Less deferred amounts:					
For issue discounts (2003)	(76,308)	-	(7,300)	(69,008)	(6,757)
For issue premiums (2004)	1,580,591	-	198,306	1,382,285	197,487
For deferred loss on refunding (2003)	(941,275)	-	(71,040)	(870,236)	(71,040)
For deferred loss on refunding (2004)	(3,117,152)	-	(277,080)	(2,840,072)	(277,080)
Compensated absences	8,833,144	3,871,490	3,294,022	9,410,611	3,458,723
Claims payable - workers compensation	700,455	393,904	366,342	728,018	402,976
Claims payable - property & casualty	585,455	1,197,967	628,915	1,154,507	691,806
Total governmental fund types	<u>\$ 111,479,910</u>	<u>\$ 5,463,361</u>	<u>\$ 8,802,164</u>	<u>\$ 108,141,106</u>	<u>\$ 9,201,116</u>
Business-type activities					
Bonds payable	\$ 14,360,000		\$ 760,000	\$ 13,600,000	\$ 785,000
Compensated absences	21,803	9,776	8,448	23,132	8,870
Total proprietary fund types	<u>\$ 14,381,803</u>	<u>\$ 9,776</u>	<u>\$ 768,448</u>	<u>\$ 13,623,132</u>	<u>\$ 793,870</u>

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

Due within one year includes above FY 2007 reduction amount plus increase of 5% over previous year due to anticipated merit raises and cola increases. The general fund, some special revenue funds, and the sewer enterprise fund are used to liquidate the liability for compensated absences each year.

Claims and judgments due within one year are estimated by assuming a 10 percent increase over the payments in FY 2007.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2007

(3) LONG-TERM DEBT (CONTINUED):

Annual debt service requirements to maturity for general obligation warrants (including interest) at September 30, 2007 are as follows:

Year Ending September 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2008	4,805,000	4,331,633	785,000	487,541	10,409,174
2009	5,020,000	4,134,583	820,000	458,001	10,432,584
2010	5,050,000	3,971,986	850,000	427,263	10,299,249
2011	5,305,000	3,719,481	885,000	395,325	10,304,806
2012	5,525,000	3,500,853	915,000	362,189	10,303,041
2013	5,760,000	3,259,350	950,000	327,854	10,297,204
2014	6,015,000	3,003,835	985,000	292,224	10,296,059
2015	6,285,000	2,740,070	1,025,000	255,211	10,305,281
2016	6,565,000	2,457,595	1,060,000	216,816	10,299,411
2017	8,595,000	2,089,228	1,100,000	177,039	11,961,266
2018	7,330,000	1,716,220	1,140,000	135,783	10,322,003
2019	7,670,000	1,378,720	1,185,000	92,951	10,326,671
2020	8,045,000	1,005,020	1,225,000	48,554	10,323,574
2021	8,435,000	614,108	675,000	12,994	9,737,101
2022	8,840,000	212,160	-	-	9,052,160
Total	<u>\$ 99,245,000</u>	<u>\$ 38,134,839</u>	<u>\$ 13,600,000</u>	<u>\$ 3,689,744</u>	<u>\$ 154,669,583</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 \$1,424,084.68. As of September 30, 2007 the Aldridge warrant has been paid off with the Series 2000A warrant still outstanding.

Subsequent Event:

On November 1, 2007, the City issued general obligation sewer warrants with a 30 year amortization and a principal amount of \$18,000,000. These funds will be utilized to reimburse the sewer enterprise fund for expenses already incurred and for future expenses in order to upgrade the Riverchase sewer treatment plant.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2007

(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, 2006 through December 31, 2010. 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, 2007 was \$259,833.

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

Cost of Leased Asset	Carrying Value	Depreciation thru 9/30/07
\$ 17,947,287	\$ 13,284,146	\$ 4,663,142

(5) INTERNAL BALANCES:

Internal Balances represent short-term loans to help supplement various funds. At September 30, 2007, the outstanding internal balances were as follows:

Fund	Internal Balances Due To	Internal Balances Due From
General Fund	\$ 497,096	\$ -
Sewer Enterprise Fund	-	-
Non-Major Govt Funds	-	497,096
Total	\$ 497,096	\$ 497,096

(6) INTERFUND TRANSFERS:

Interfund transfers during the year ended September 30, 2007 were as follows:

Transfers out	Transfers in				Total
	General Fund	Capital Projects Fund	GOW Capital Projects Fund	Non-Major Governmental Fund	
General Fund	\$ (11,318,422)	\$ 8,152,726	\$ -	\$ 3,165,696	\$ -
Non-Major Govt Funds	10,000	-	-	(10,000)	-
Total	\$ (11,308,422)	\$ 8,152,726	\$ -	\$ 3,155,696	\$ -

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 2007 were as follows: \$1,194,515 - E911 fund, \$1,932,207 - Court and Corrections fund, \$8,709 - Court Referral Officer Program fund, \$30,265 - General Grants fund, \$8,152,726 - Capital Projects fund, which totaled \$11,318,422 in transfers from the general fund. Also, \$10,000 was transferred from Other Governmental funds, specifically the Court and Corrections fund to the General Fund for the balance in the Prisoner Escrow Bank Account to avoid commingling funds not associated with the state law that created 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, 2007

(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 1-334-832-4140.

Funding Policy:

For the fiscal year 2007, 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 9.30% (fiscal year 2008) of annual covered payroll. This rate increased over the 8.57% rate in effect for fiscal year 2007. 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 2006, the City's annual pension cost of \$3,021,855 for the System was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2006 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, 2006 was 20 years.

Three-Year Trend Information for the System

Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
9/30/2004	\$ 2,268,782	100.00%	\$ -
9/30/2005	\$ 2,872,893	100.00%	\$ -
9/30/2006	\$ 3,021,855	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]
9/30/2001	\$ 46,285,372	\$ 53,638,527	\$ 7,353,155	86.3%	\$ 26,432,723	27.8%
9/30/2002	\$ 50,364,542	\$ 62,996,230	\$ 12,631,688	79.9%	\$ 27,881,857	45.3%
9/30/2003	\$ 55,363,633	\$ 71,649,694	\$ 16,286,061	77.3%	\$ 29,127,884	55.9%
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%

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2007

(7) EMPLOYEE RETIREMENT PLAN (CONTINUED):

Subsequent Event:

In November 2007, the City elected to come under the provisions of Act 2002-23 from the Code of Alabama. This statute allows entities participating in the Retirement Systems of Alabama the opportunity to adopt the deferred retirement option plan (DROP). This is an optional retirement plan that may help to enhance employees' retirement. For fiscal year 2008, the effect was a .32% increase to the existing retirement rate of 8.98%, for a total current rate of 9.30%. Currently, the annual cost estimate is projected to be approximately \$113,520.

(8) POST RETIREMENT BENEFITS:

In April 2000 a City ordinance was passed whereby the City began providing post retirement health and dental care benefits for certain retirees and their dependents. The benefits vary depending upon the age and years of service of the retiree. Certain eligibility requirements must be met by the retiree, including a minimum of ten years of full-time service with the City and being at least 45 years of age. Eligibility is lost when the retiree becomes eligible for Medicare benefits or becomes eligible for coverage under another plan (whether applied for or not)

The plan provides a benefit (applied toward the cost of the retiree's insurance premium) of up to \$15 per month for each year of full-time service with the City. Benefits under the plan are limited to a maximum of \$1,000 for each year of service with the City. The City's regular health and dental care benefit providers underwrite the retiree's policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

As of September 30, 2007 there were nineteen employees receiving benefits under the ordinance. The City now accounts for these expenses in the Health Insurance Internal Service Fund along with other health insurance costs.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2007

(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 three 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 \$3,804,813 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. 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 General Fund and all workers compensation expenses are paid from the new 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. 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 2006 and 2007 are as follows:

	<u>2006</u>	<u>2007</u>
Workers compensation		
Unpaid claims, beginning	\$ 641,427	\$ 700,455
Incurred claims, (including IBNRs)	426,146	393,904
Claim Payments	<u>(367,118)</u>	<u>(366,342)</u>
Unpaid claims, ending	<u>\$ 700,455</u>	<u>\$ 728,018</u>
Property and casualty		
Unpaid claims, beginning	\$ 330,026	\$ 585,455
Incurred claims, (including IBNRs)*	933,111	1,197,967
Claim Payments	<u>(677,682)</u>	<u>(628,915)</u>
Unpaid claims, ending	<u>\$ 585,455</u>	<u>\$ 1,154,507</u>

*FY 2007 was the first year that an actuarial had been conducted for IBNR's related to property and casualty, which is why unpaid claims at the end of the year increased.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2007

(9) OTHER INFORMATION (CONTINUED):

B. Commitments

Operating Lease:

From FY 2005 to FY 2007, the City entered into vehicle leases for most of its fleet inventory. These leases were closed end leases, whereby they will be returned to the lessor at the end of the three year term. For fiscal year 2008, the City has budgeted to purchase all of these leased vehicles.

The following represents the minimum lease payments for the three year commitment as shown:

<u>Fiscal Year</u>	<u>Amount</u>
2005	\$ 133,811
2006	761,522
2007	791,154
2008	631,463
2009	63,688
Total	<u>\$ 2,381,638</u>

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, 2007, the City has executed contracts related to construction projects for all governmental fund types in the amount of \$71,930,056. Of this amount, \$21,604,753 has been incurred to date creating a total remaining commitment of \$50,325,303. The City is responsible for funding \$22,904,794 of this commitment with the remaining \$27,420,509 to be funded by other governmental units.

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.

D. Special Items

During fiscal year 2007, the City had one continuation of a special item that occurred. The City entered into an agreement with a developer to annex its proposed shopping center in exchange for a limited time rebate of the sales tax generated by the properties thru fiscal year 2007. The total remittance for this agreement, which occurred during three fiscal years (2005 thru 2007), was \$2,478,226. Of this amount, \$72,877 was for fiscal year 2007.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2007

(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	\$ 99,245,000
Less: Deferred charge on refundings - 2003 and 2004 (to be amortized as interest expense)	(3,710,307)
Less: Deferred charge for issuance costs - 2003 and 2004 (to be amortized over life of debt)	(696,188)
Less: Issuance discount- 2003 issue (to be amortized as interest expense)	(69,008)
Issuance premium - 2004 issue	1,382,285
Accrued interest payable	367,288
Claims and judgments	1,154,507
Compensated absences	9,410,611
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 <u>\$ 107,084,189</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 special revenue funds. The former are restricted due to ongoing construction projects or capital items that have begun or been encumbered but not completed. The latter, or \$4,408,972, is as a result of enabling legislation as defined in GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. The following summarizes these

Restricted for capital projects	\$ 22,904,794
Restricted for special revenue funds (restricted by enabling legislation)	4,408,972
Total restricted net assets	\$ 27,313,766

(12) PRIOR PERIOD ADJUSTMENT

For the year ending September 30, 2007, adjustments were made to capital assets for governmental activities. The change was a result of adding the storm sewers and related drainage improvements in compliance with GASB Statement No. 34 and its infrastructure reporting requirements. This process resulted in a comprehensive look at criteria to determine "city" owned infrastructure. As a result, it was determined that gated communities, unless specifically accepted by the city, should not be considered in the city's capital assets. Thus, some of the roadways previously included on the assets for the street system inventory were removed because they fell within this criteria. This is also included in the prior period adjustment as follows:

Infrastructure assets:

Street system inventory	\$ (10,643,530)
Storm sewer inventory/drainage improvements	43,593,449
Accumulated depreciation	(19,342,304)
	\$ 13,607,616

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2007

(13) NEW PRONOUNCEMENTS

In April 2004, the GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB 43 establishes uniform financial reporting standards for postemployment benefit plans other than pension plans and supersedes the interim guidance included in GASB Statement No. 26, *Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans*. The approach followed in GASB 43 generally is consistent with the approach adopted for pension plans in GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, with modifications to reflect differences between pension plans and other postemployment benefits ("OPEB") plans. GASB 43 is effective for the City's fiscal year ending September 30, 2008, and its adoption is not expected to have a material effect on the City's basic financial statements.

In July 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 45 establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information in the financial reports of state and local government employers. GASB 45 improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB expense over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. GASB 45 is effective for the City's fiscal year ending September 30, 2009, and its adoption is not expected to have a material effect on the City's basic financial statements.

In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. GASB 48 clarifies the financial reporting of whether certain transactions should be regarded as a sale or as a collateralized borrowing resulting in a liability. GASB 48 is effective for the City's fiscal year ending September 30, 2008 and its adoption is not expected to have a material effect on the City's basic financial statements.

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. GASB 49 is effective for the City's fiscal year ending September 30, 2009, and its adoption is not expected to have a material effect on the City's basic financial statements.

In May 2007, the GASB issued Statement No. 50, *Pension Disclosures - an amendment of GASB Statements 25 and 27*. GASB 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in the notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 50 is effective for the City's fiscal year ending September 30, 2008, and its adoption is not expected to have a material effect on the City's basic financial statements.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This includes items such as easements, water rights, timber rights, patents, trademarks, and computer software. GASB 51 is effective for the City's fiscal year ending September 30, 2010, and its effect on the City's basic financial statements has not yet been determined.

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, 2007

	Quality Rating Standards	Streets		Streets	
		2006		2007	
		Length (in feet)	%	Length (in feet)	%
Excellent	5	494,205	28.01%	265,689	15.56%
Good	4	1,160,016	65.74%	990,806	58.03%
Fair	3	62,654	3.55%	362,619	21.24%
Poor	2	25,474	1.44%	63,379	3.71%
Unsatisfactory	1	-	0.00%	966	0.06%
Under Construction	UC	22,236	1.26%	24,064	1.41%
Total*		<u>1,764,584</u>	<u>100.00%</u>	<u>1,707,522</u>	<u>100.00%</u>

	Quality Rating Standards	Streets		Streets	
		2006		2007	
		Value	%	Value	%
Excellent	5	\$ 73,925,133	29.83%	\$ 44,746,416	18.59%
Good	4	157,327,203	63.48%	132,781,242	55.15%
Fair	3	8,668,584	3.50%	49,471,178	20.55%
Poor	2	3,667,224	1.48%	9,420,511	3.91%
Unsatisfactory	1	-	0.00%	123,931	0.05%
Under Construction	UC	4,256,966	1.72%	4,218,340	1.75%
Total		<u>\$ 247,845,109</u>	<u>100.00%</u>	<u>\$ 240,761,619</u>	<u>100.00%</u>

	Quality Rating Standards	Streets		Streets	
		2006		2007	
		Length (in miles)	%	Length (in miles)	%
Excellent	5	93.60	28.01%	50.32	15.56%
Good	4	219.70	65.74%	187.65	58.03%
Fair	3	11.87	3.55%	68.68	21.24%
Poor	2	4.82	1.44%	12.00	3.71%
Unsatisfactory	1	-	0.00%	0.18	0.06%
Under Construction	UC	4.21	1.26%	4.56	1.41%
Total*		<u>334.20</u>	<u>100.00%</u>	<u>323.39</u>	<u>100.00%</u>

*PLEASE NOTE: In FY 2007, we added our storm sewer infrastructure. That process resulted in omitting various communities (i.e. gated) that were previously included in the road inventory, but are omitted above.

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

Description of Work	Units	Quantity	Unit Price	Amount
Tack Coat	GALLON	5,339	\$ 3.35	\$ 17,887
Bituminous Concrete Wearing Surface, Mix 1, (Approximately 220 LBS/SY)	TON	19,578	80.00	1,566,240.00
Planing Existing Pavement (Approx. 1.10" thru 2.0")	SQ YD	177,982	8.80	<u>1,566,241.60</u>
Total				<u>\$ 3,150,369</u>

Note: Roadway totals - 12.18 miles

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

Fund Description	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
7 Cent Gas Tax Fund	\$ 400,242	\$ 133,969	\$ 326,303	\$ 596,708	\$ 473,454
4 & 5 Cent Gas Tax Fund	<u>213,157</u>	<u>-</u>	<u>402,255</u>	<u>350,984</u>	<u>270,400</u>
Total	<u>\$ 613,399</u>	<u>\$ 133,969</u>	<u>\$ 728,557</u>	<u>\$ 947,692</u>	<u>\$ 743,853</u>

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

	Fiscal Year 2002	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
Total	<u>N/A</u>	<u>\$ 559,475</u>	<u>\$ 1,416,907</u>	<u>\$ 640,448</u>	<u>\$ 1,297,713</u>

THE CITY OF HOOVER, ALABAMA
Modified Approach for Infrastructure Assets
Assessed Condition - Bridges
For the Fiscal Year Ending September 30, 2007

	Structure Length	Deck Width	Barrel Length*	Overall Rating 2006	Square Footage	Estimated Value with Deflator*	Estimated Age at Time Added to Capital Assets*	Fiscal Year Added
1 ROSS BRIDGE @ SHADES CREEK	83.2	46.0		8.0	3,827	\$ 1,800,000	0	2006
2 DOUG BAKER BLVD	31.0		88.0	8.0	2,728	200,000	0	2006
3 CREEKVIEW DR	68.0	29.0		7.0	1,972	112,682	25	2003
4 KESTWICK DR	102.0	30.0		6.0	3,060	174,851	25	2003
5 SOUTHLAND DR	104.0	33.0		6.0	3,432	196,107	25	2003
6 LOCKHAVEN RD	103.0	33.0		7.0	3,399	194,221	25	2003
7 RIVERCHASE PKWY W	48.0	35.0		6.4	1,680	95,996	15	2003
8 STARLAKE/DEO DARA DR	25.0		30.0	5.0	750	42,856	25	2003
9 SOUTHLAKE PKWY	97.0		25.6	5.0	2,483	144,109	10	2003
TOTAL/AVERAGE	<u>661.2</u>	<u>206.0</u>	<u>143.6</u>	<u>6.5</u>	<u>23,331</u>	<u>\$ 2,960,821</u>	<u>17</u>	

* These bridges are culvert bridges

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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, 2007

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 2007, the City inventoried and valued 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 2008) assess all roads with a rating of 3 and under (approximately 5% condition assessment)
 2. Year 2 (FY 2009) assess all roads with a rating of 3 and under (approximately 5% condition assessment)
 3. Year 3 (FY 2010) assess all roads with a rating of 5 and under (100% 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 1 and Year 2 would only address level 3 in order to ensure those that might drop to 2 or 1 would be identified and elevated to a higher status.

- 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.

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2007

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's 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).
2. When the seal coat bond has been released, the rating of the road should be updated from UC (under construction) to 5.
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 fixed asset list maintained by the Accounting Operations Manager 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, 2007

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. This procedure was updated in 2007 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 2007, a new consultant, Earth Tech, 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, 2007

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 have been added. Thus, because Private roads are not officially considered the City's, their value has not been added.

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:

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

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

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

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, 2007

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.

1. 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 4 & 5 cent gas tax funds and the 7 cent gas tax funds, which are both special revenue funds. The total length of roads that required rehabilitation was approximately **12.18 miles**. The City will prioritize their paving and maintenance of roads based on this list and will address them in fiscal year 2008.

The estimated cost to raise the ratings of 1 and 2 is approximately **\$3,150,169**, of which 1.5% is maintained by the county via an agreement.

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 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
7 Cent Gas Tax Fund	\$ 400,242	\$ 133,969	\$ 326,303	\$ 596,708	\$ 473,454
4 & 5 Cent Gas Tax Fund	213,157	-	402,255	350,984	270,400
Total	\$ 613,399	\$ 133,969	\$ 728,557	\$ 947,692	\$ 743,853

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

	Fiscal Year 2002	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007
Total	N/A	\$ 559,475	\$ 1,416,907	\$ 640,448	\$ 1,297,713

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2007

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 2006. As a result, the ratings are from the 2006 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, 2007

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 nine 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 for a total of nine. 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:

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

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, 2007

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

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 nine 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.

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 nine 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, 2007

	Special Revenue								
	E-911	Wireless E-911	State Seven Cent Gasoline Tax	State Four and Five Cent Gasoline Tax	CDBG	Alabama Trust Fund Interest	State Drug Enforce- ment	Federal Drug Dept of Justice	Federal Drug Dept of Treasury
Assets									
Pooled cash and investments	\$ -	\$ 664,622	\$ 1,202,016	\$ 1,579,380	\$ -	\$ 1,216,686	\$ 25,707	\$ 2,191,771	\$ -
Receivables									
Taxes	-	-	-	-	-	-	-	-	-
Accounts	58,210	18,723	-	-	9,549	-	105	8,704	-
Due from other governments	-	-	72,460	43,371	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Total assets	\$ 58,210	\$ 683,345	\$ 1,274,476	\$ 1,622,751	\$ 9,549	\$ 1,216,686	\$ 25,812	\$ 2,200,474	\$ -
Liabilities and fund balances									
Accounts payable and accrued liabilities	\$ 39,035	\$ -	\$ 8,932	\$ 209,754	\$ 3,135	\$ -	\$ 4,953	\$ 105,582	\$ -
Deferred revenue	-	-	-	-	-	-	-	-	-
Internal balances	19,176	-	-	-	6,414	-	-	-	-
Refundable deposits	-	-	-	-	-	-	-	-	-
Total liabilities	58,210	-	8,932	209,754	9,549	-	4,953	105,582	-
Fund balances									
Reserved for capital projects	-	650,323	334,113	2,212	-	805,943	-	1,018,515	-
Unreserved, undesignated fund balance	-	33,022	931,431	1,410,785	-	410,743	20,859	1,076,377	-
Total fund balances	-	683,345	1,265,544	1,412,997	-	1,216,686	20,859	2,094,892	-
Total liabilities and fund balances	\$ 58,210	\$ 683,345	\$ 1,274,476	\$ 1,622,751	\$ 9,549	\$ 1,216,686	\$ 25,812	\$ 2,200,474	\$ -

THE CITY OF HOOVER, ALABAMA
Combining Balance Sheet - Continued
Non-Major Governmental Funds
September 30, 2007

	Special Revenue - Continued							Capital Projects	Total Nonmajor Governmental Funds
	Court and Correction	Traffic Safety	Court Training	General Grants	Court Referral Officer Program	DARE	Total	Other Capital Projects Fund	
Assets									
Pooled cash and investments	\$ 33,451	\$ 413,553	\$ 110,021	\$ -	\$ 6,096	\$ -	\$ 7,443,302	\$ -	\$ 7,443,302
Receivables							-		
Taxes	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	22,690	6,996	-	124,977	565,003	689,980
Due from other governments	-	-	-	-	-	-	115,831	-	115,831
Inventories	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Total assets	\$ 33,451	\$ 413,553	\$ 110,021	\$ 22,690	\$ 13,092	\$ -	\$ 7,684,110	\$ 565,003	\$ 8,249,113
Liabilities and fund balances									
Accounts payable and accrued liabilities	\$ 33,451	\$ 2,748	\$ 86	\$ 4,428	\$ 13,092	\$ -	\$ 425,196	\$ 106,743	\$ 531,939
Deferred revenue	-	-	-	-	-	-	-	-	-
Internal balances	-	-	-	13,246	-	-	38,835	458,260	497,096
Refundable deposits	-	-	-	-	-	-	-	-	-
Total liabilities	33,451	2,748	86	17,674	13,092	-	464,031	565,003	1,029,035
Fund balances									
Reserved for capital projects	-	-	-	-	-	-	2,811,106	-	2,811,106
Unreserved, undesignated fund balance	-	410,805	109,934	5,016	-	-	4,408,972	0	4,408,972
Total fund balances	-	410,805	109,934	5,016	-	-	7,220,078	0	7,220,078
Total liabilities and fund balances	\$ 33,451	\$ 413,553	\$ 110,021	\$ 22,690	\$ 13,092	\$ -	\$ 7,684,110	\$ 565,003	\$ 8,249,113

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, 2007

	Special Revenue								
	E-911	Wireless E-911	State Seven Cent Gasoline Tax	State Four and Five Cent Gasoline Tax	CDBG	Alabama Trust Fund Interest	State Drug Enforce- ment	Federal Drug Dept of Justice	Federal Drug Dept of Treasury
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	735,971	491,407	423,413	426,105	-	-	-
Fines and forfeits	-	-	-	-	-	-	15,932	1,802,463	79,232
Investment income	-	-	-	-	-	-	2,176	93,727	2,458
Rents and royalties	-	-	-	-	-	-	-	-	-
Contributions and reimbursements	-	-	-	-	-	-	-	-	-
Charges for services	753,686	207,636	-	-	-	-	-	-	-
Other	164	-	-	-	-	-	-	-	-
Total revenues	<u>753,850</u>	<u>207,636</u>	<u>735,971</u>	<u>491,407</u>	<u>423,413</u>	<u>426,105</u>	<u>18,108</u>	<u>1,896,190</u>	<u>81,690</u>
Expenditures									
Current operations									
General government	-	-	-	-	169,979	-	-	-	-
Public safety	1,948,366	-	-	-	-	-	143,587	214,615	81,690
Library	-	-	-	-	-	-	-	-	-
Municipal court	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Highway and roadway improvements	-	-	504,754	270,400	-	26,888	-	-	-
Recreation services	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Total	<u>1,948,366</u>	<u>-</u>	<u>504,754</u>	<u>270,400</u>	<u>169,979</u>	<u>26,888</u>	<u>143,587</u>	<u>214,615</u>	<u>81,690</u>
Capital outlays	-	86,553	169,938	-	253,434	171,345	93,141	804,073	-
Total expenditures	<u>1,948,366</u>	<u>86,553</u>	<u>674,691</u>	<u>270,400</u>	<u>423,413</u>	<u>198,233</u>	<u>236,728</u>	<u>1,018,688</u>	<u>81,690</u>
Excess of revenues over (under) expenditures	<u>(1,194,515)</u>	<u>121,083</u>	<u>61,280</u>	<u>221,007</u>	<u>-</u>	<u>227,872</u>	<u>(218,619)</u>	<u>877,502</u>	<u>-</u>
Other financing sources (uses)									
Transfers in	1,194,515	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,194,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	121,083	61,280	221,007	-	227,872	(218,619)	877,502	-
Fund balances, beginning of year	-	562,262	1,204,264	1,191,990	-	988,813	239,478	1,217,390	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 683,345</u>	<u>\$ 1,265,544</u>	<u>\$ 1,412,997</u>	<u>\$ -</u>	<u>\$ 1,216,686</u>	<u>\$ 20,859</u>	<u>\$ 2,094,892</u>	<u>\$ -</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, 2007

	Special Revenue - Continued						Capital Projects	Total Nonmajor Governmental Funds
	Court and Corrections	Traffic Safety	Court Training	General Grants	Court Referral Officer Program	DARE	Total	
Revenues								
Taxes	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	# 120,665	38,479	-	2,236,040	611,830
Fines and forfeits	802,848	143,700	31,648	-	-	-	2,875,824	-
Investment income	-	-	-	-	-	-	98,361	-
Rents and royalties	-	-	-	-	-	-	-	-
Contributions and reimbursements	-	-	-	2,453	-	-	2,453	-
Charges for services	5,920	-	-	3,550	33,010	-	1,003,802	-
Other	445	-	490	-	-	-	1,099	-
Total revenues	<u>809,213</u>	<u>143,700</u>	<u>32,138</u>	<u>126,668</u>	<u>71,489</u>	<u>-</u>	<u>6,217,579</u>	<u>611,830</u>
Expenditures								
Current operations								
General government	-	-	-	-	-	-	169,979	-
Public safety	1,709,152	-	-	131,906	-	319	4,229,635	-
Library	-	-	-	-	-	-	-	-
Municipal court	1,022,268	58,201	22,537	-	80,198	-	1,183,204	-
Sanitation	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Highway and roadway improvements	-	-	-	-	-	-	802,041	-
Recreation services	-	-	-	20,510	-	-	20,510	-
Health	-	-	-	-	-	-	-	-
Total	<u>2,731,420</u>	<u>58,201</u>	<u>22,537</u>	<u>152,417</u>	<u>80,198</u>	<u>319</u>	<u>6,405,369</u>	<u>-</u>
Capital outlays	-	-	-	-	-	-	1,578,484	611,830
Total expenditures	<u>2,731,420</u>	<u>58,201</u>	<u>22,537</u>	<u>152,417</u>	<u>80,198</u>	<u>319</u>	<u>7,983,853</u>	<u>611,830</u>
Excess of revenues over (under) expenditures	<u>(1,922,207)</u>	<u>85,499</u>	<u>9,601</u>	<u>(25,749)</u>	<u>(8,709)</u>	<u>(319)</u>	<u>(1,766,274)</u>	<u>-</u>
Other financing sources (uses)								
Transfers in	1,932,207	-	-	30,265	8,709	-	3,165,696	-
Transfers out	(10,000)	-	-	-	-	-	(10,000)	-
Total other financing sources (uses)	<u>1,922,207</u>	<u>-</u>	<u>-</u>	<u>30,265</u>	<u>8,709</u>	<u>-</u>	<u>3,155,696</u>	<u>-</u>
Net change in fund balances	-	85,499	9,601	4,516	-	(319)	1,389,422	-
Fund balances, beginning of year	-	325,306	100,333	500	-	319	5,830,657	-
Fund balances, end of year	<u>\$ -</u>	<u>410,805</u>	<u>\$ 109,934</u>	<u>\$ 5,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,220,078</u>	<u>\$ -</u>

THE CITY OF HOOVER, ALABAMA
Internal Service Funds
Combining Statement of Net Assets
September 30, 2007

	Health Insurance	Workers Compensation	Total
Assets			
Current assets:			
Pooled cash and investments	\$ 843,434	\$ 437,933	\$ 1,281,367
Accounts receivable	-	-	-
Total current assets	<u>843,434</u>	<u>437,933</u>	<u>1,281,367</u>
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)	<u>-</u>	<u>-</u>	<u>-</u>
Other assets	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 843,434</u>	<u>\$ 437,933</u>	<u>\$ 1,281,367</u>
Liabilities			
Current liabilities:			
General obligation warrants payable	\$ -	\$ -	\$ -
Accounts payable	9,525	11,253	20,778
Retainage payable	-	-	-
Accrued expenses	494,124	-	494,124
Claims payable	-	402,976	402,976
Compensated absences	-	-	-
Interfund balances	-	-	-
Total current liabilities	<u>503,649</u>	<u>414,229</u>	<u>917,877</u>
Noncurrent liabilities:			
Compensated absences	-	-	-
Claims payable	-	325,043	325,043
Total noncurrent liabilities	<u>-</u>	<u>325,043</u>	<u>325,043</u>
Total liabilities	<u>503,649</u>	<u>739,271</u>	<u>1,242,920</u>
Net assets			
Investment in capital assets, net of related debt	-	-	-
Unrestricted	<u>339,785</u>	<u>(301,338)</u>	<u>38,447</u>
Total net assets	<u>\$ 339,785</u>	<u>\$ (301,338)</u>	<u>\$ 38,447</u>

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

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, 2007

	Health Insurance	Workers Compensation	Total
Operating revenues			
Charges for services - internal	\$ 5,596,005	\$ 669,802	\$ 6,265,807
Stop loss reimbursements	63,365	21,417	84,783
Subrogation recoveries	-	762	762
Rebates or refunds	79,395	-	79,395
Total operating revenue	<u>5,738,765</u>	<u>691,981</u>	<u>6,430,746</u>
Operating expenses			
Costs of services	5,660,697	397,880	6,058,577
Administration	-	-	-
Depreciation	-	-	-
Total operating expenses	<u>5,660,697</u>	<u>397,880</u>	<u>6,058,577</u>
Operating income (loss)	78,068	294,101	372,169
Non-operating revenues (expenses)			
Other revenue	261,717	105,017	366,734
Investment earnings	-	-	-
Total non-operating revenues (expenses)	<u>261,717</u>	<u>105,017</u>	<u>366,734</u>
Transfers in (out)	-	-	-
Change in net assets	339,785	399,117	738,902
Net assets, beginning of year	-	(700,455)	(700,455)
Net assets, end of year	<u>\$ 339,785</u>	<u>\$ (301,338)</u>	<u>\$ 38,447</u>

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

THE CITY OF HOOVER, ALABAMA
Internal Service Funds
Combining Statement of Cash Flows
For the year ended September 30, 2007

	Health Insurance	Workers Compensation	Total
Cash flows from operating activities			
Cash received from employee premiums	\$ 1,036,814	\$ -	\$ 1,036,814
Cash received from stop loss reimbursements	63,365	21,417	84,783
Cash received from government	4,559,191	669,802	5,228,992
Cash received from subrogation	-	762	762
Cash received from rebates	79,395	-	79,395
Payments to suppliers	(5,157,048)	(386,627)	(5,543,675)
Net cash provided (used) by operating activities	<u>581,717</u>	<u>305,353</u>	<u>887,070</u>
Cash flows from noncapital financing activities			
Other revenue	261,717	132,580	394,297
Transfer to other funds	-	-	-
Transfer from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>261,717</u>	<u>132,580</u>	<u>394,297</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>
Cash flows from investing activities			
Interest and dividends received	-	-	-
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in pooled cash and investments	843,434	437,933	1,281,367
Pooled cash and investments, beginning of year	-	-	-
Pooled cash and investments, end of year	<u>\$ 843,434</u>	<u>\$ 437,933</u>	<u>\$ 1,281,367</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 78,068	\$ 294,101	\$ 372,169
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	-	-	-
(Increase) decrease in accounts receivable	-	-	-
Increase (decrease) in accounts payable and accrued expenses	503,649	11,253	514,902
Increase (decrease) in compensated absences payable	-	-	-
Total adjustments	<u>503,649</u>	<u>11,253</u>	<u>514,902</u>
Net cash provided by operating activities	<u>\$ 581,717</u>	<u>\$ 305,353</u>	<u>\$ 887,070</u>

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

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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	750,000	750,000	753,686	3,686
Other	-	-	164	164
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>753,850</u>	<u>3,850</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	2,057,175	1,949,542	1,948,366	1,176
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>2,057,175</u>	<u>1,949,542</u>	<u>1,948,366</u>	<u>1,176</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>2,057,175</u>	<u>1,949,542</u>	<u>1,948,366</u>	<u>1,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,307,175)</u>	<u>(1,199,542)</u>	<u>(1,194,515)</u>	<u>5,027</u>
Other financing sources (uses)				
Transfers in	1,307,175	1,199,542	1,194,515	(5,027)
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>1,307,175</u>	<u>1,199,542</u>	<u>1,194,515</u>	<u>(5,027)</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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	175,000	175,000	207,636	32,636
Other	-	-	-	-
Total revenues	<u>175,000</u>	<u>175,000</u>	<u>207,636</u>	<u>32,636</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	236,877	736,877	86,553	650,324
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>236,877</u>	<u>736,877</u>	<u>86,553</u>	<u>650,324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(61,877)</u>	<u>(561,877)</u>	<u>121,083</u>	<u>682,960</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	(61,877)	(561,877)	121,083	682,960
Fund balances, beginning of year	<u>562,262</u>	<u>562,262</u>	<u>562,262</u>	<u>-</u>
Fund balances, end of year	<u>\$ 500,385</u>	<u>\$ 385</u>	<u>\$ 683,345</u>	<u>\$ 682,960</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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	785,500	785,500	735,971	(49,529)
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>785,500</u>	<u>785,500</u>	<u>735,971</u>	<u>(49,529)</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	600,000	600,000	504,754	95,246
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>600,000</u>	<u>600,000</u>	<u>504,754</u>	<u>95,246</u>
Capital outlays	410,354	410,354	169,938	240,416
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,010,354</u>	<u>1,010,354</u>	<u>674,691</u>	<u>335,663</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(224,854)</u>	<u>(224,854)</u>	<u>61,280</u>	<u>286,134</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	(224,854)	(224,854)	61,280	286,134
Fund balances, beginning of year	<u>1,204,264</u>	<u>1,204,264</u>	<u>1,204,264</u>	<u>-</u>
Fund balances, end of year	<u>\$ 979,410</u>	<u>\$ 979,410</u>	<u>\$ 1,265,544</u>	<u>\$ 286,134</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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	500,000	500,000	491,407	(8,593)
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>491,407</u>	<u>(8,593)</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	500,000	500,000	270,400	229,600
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>500,000</u>	<u>500,000</u>	<u>270,400</u>	<u>229,600</u>
Capital outlays	2,212	2,212	-	2,212
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>502,212</u>	<u>502,212</u>	<u>270,400</u>	<u>231,812</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,212)</u>	<u>(2,212)</u>	<u>221,007</u>	<u>223,219</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	(2,212)	(2,212)	221,007	223,219
Fund balances, beginning of year	<u>1,191,990</u>	<u>1,191,990</u>	<u>1,191,990</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,189,778</u>	<u>\$ 1,189,778</u>	<u>\$ 1,412,997</u>	<u>\$ 223,219</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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	792,034	792,034	423,413	(368,621)
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>792,034</u>	<u>792,034</u>	<u>423,413</u>	<u>(368,621)</u>
Expenditures				
Current operations				
General government	153,546	173,545	169,979	3,566
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>153,546</u>	<u>173,545</u>	<u>169,979</u>	<u>3,566</u>
Capital outlays	638,488	625,762	253,434	372,328
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>792,034</u>	<u>799,307</u>	<u>423,413</u>	<u>375,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(7,273)</u>	<u>-</u>	<u>7,273</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	-	(7,273)	-	7,273
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ (7,273)</u>	<u>\$ -</u>	<u>\$ 7,273</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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	370,000	370,000	426,105	56,105
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>370,000</u>	<u>370,000</u>	<u>426,105</u>	<u>56,105</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	26,889	26,889	26,888	1
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>26,889</u>	<u>26,889</u>	<u>26,888</u>	<u>1</u>
Capital outlays	177,288	977,288	171,345	805,943
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>204,177</u>	<u>1,004,177</u>	<u>198,233</u>	<u>805,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>165,823</u>	<u>(634,177)</u>	<u>227,872</u>	<u>862,049</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	165,823	(634,177)	227,872	862,049
Fund balances, beginning of year	<u>988,813</u>	<u>988,813</u>	<u>988,813</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 1,154,636</u></u>	<u><u>\$ 354,636</u></u>	<u><u>\$ 1,216,686</u></u>	<u><u>\$ 862,049</u></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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	15,541	15,932	391
Investment income	-	-	2,176	2,176
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>15,541</u>	<u>18,108</u>	<u>2,567</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	130,067	145,608	143,587	2,021
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>130,067</u>	<u>145,608</u>	<u>143,587</u>	<u>2,021</u>
Capital outlays	93,142	93,142	93,141	1
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>223,209</u>	<u>238,750</u>	<u>236,728</u>	<u>2,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(223,209)</u>	<u>(223,209)</u>	<u>(218,619)</u>	<u>4,590</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	(223,209)	(223,209)	(218,619)	4,590
Fund balances, beginning of year	<u>239,478</u>	<u>239,478</u>	<u>239,478</u>	<u>-</u>
Fund balances, end of year	<u>\$ 16,269</u>	<u>\$ 16,269</u>	<u>\$ 20,859</u>	<u>\$ 4,590</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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	1,208,309	1,802,463	594,154
Investment income	-	-	93,727	93,727
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>1,208,309</u>	<u>1,896,190</u>	<u>687,881</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	399	237,566	214,615	22,951
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>399</u>	<u>237,566</u>	<u>214,615</u>	<u>22,951</u>
Capital outlays	623,095	1,823,095	804,073	1,019,022
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>623,494</u>	<u>2,060,661</u>	<u>1,018,688</u>	<u>1,041,973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(623,494)</u>	<u>(852,352)</u>	<u>877,502</u>	<u>1,729,854</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	(623,494)	(852,352)	877,502	1,729,854
Fund balances, beginning of year	<u>1,217,390</u>	<u>1,217,390</u>	<u>1,217,390</u>	<u>-</u>
Fund balances, end of year	<u>\$ 593,896</u>	<u>\$ 365,038</u>	<u>\$ 2,094,892</u>	<u>\$ 1,729,854</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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	79,232	79,232	-
Investment income	-	2,459	2,458	(1)
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>81,691</u>	<u>81,690</u>	<u>(1)</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	81,691	81,690	1
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>-</u>	<u>81,691</u>	<u>81,690</u>	<u>1</u>
Capital outlays	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>81,691</u>	<u>81,690</u>	<u>1</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>	<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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	511,000	511,000	802,848	291,848
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	4,000	4,000	5,920	1,920
Other	-	-	445	445
Total revenues	<u>515,000</u>	<u>515,000</u>	<u>809,213</u>	<u>294,213</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	1,818,506	1,711,028	1,709,152	1,876
Library	-	-	-	-
Municipal court	1,072,817	1,025,491	1,022,268	3,223
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>2,891,323</u>	<u>2,736,519</u>	<u>2,731,420</u>	<u>5,099</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>2,891,323</u>	<u>2,736,519</u>	<u>2,731,420</u>	<u>5,099</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,376,323)</u>	<u>(2,221,519)</u>	<u>(1,922,207)</u>	<u>299,312</u>
Other financing sources (uses)				
Transfers in	2,376,323	2,221,519	1,932,207	(289,312)
Transfers out	-	-	(10,000)	(10,000)
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>2,376,323</u>	<u>2,221,519</u>	<u>1,922,207</u>	<u>(299,312)</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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	100,000	100,000	143,700	43,700
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>143,700</u>	<u>43,700</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	68,524	68,524	58,201	10,323
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>68,524</u>	<u>68,524</u>	<u>58,201</u>	<u>10,323</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>68,524</u>	<u>68,524</u>	<u>58,201</u>	<u>10,323</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,476</u>	<u>31,476</u>	<u>85,499</u>	<u>54,023</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	31,476	31,476	85,499	54,023
Fund balances, beginning of year	<u>325,306</u>	<u>325,306</u>	<u>325,306</u>	<u>-</u>
Fund balances, end of year	<u>\$ 356,782</u>	<u>\$ 356,782</u>	<u>\$ 410,805</u>	<u>\$ 54,023</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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	20,000	20,000	31,648	11,648
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	490	490
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>32,138</u>	<u>12,138</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	30,611	30,611	22,537	8,074
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>30,611</u>	<u>30,611</u>	<u>22,537</u>	<u>8,074</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>30,611</u>	<u>30,611</u>	<u>22,537</u>	<u>8,074</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,611)</u>	<u>(10,611)</u>	<u>9,601</u>	<u>20,212</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	(10,611)	(10,611)	9,601	20,212
Fund balances, beginning of year	<u>100,333</u>	<u>100,333</u>	<u>100,333</u>	<u>-</u>
Fund balances, end of year	<u>\$ 89,722</u>	<u>\$ 89,722</u>	<u>\$ 109,934</u>	<u>\$ 20,212</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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	11,650	169,434	120,665	(48,769)
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	2,353	2,453	100
Charges for services	-	1,750	3,550	1,800
Other	-	-	-	-
Total revenues	<u>11,650</u>	<u>173,537</u>	<u>126,668</u>	<u>(46,869)</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	501	184,570	131,906	52,664
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	23,700	23,700	20,510	3,190
Health	-	-	-	-
Total	<u>24,201</u>	<u>208,270</u>	<u>152,417</u>	<u>55,853</u>
Capital outlays				
Debt service	-	-	-	-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>24,201</u>	<u>208,270</u>	<u>152,417</u>	<u>55,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,551)</u>	<u>(34,733)</u>	<u>(25,749)</u>	<u>8,984</u>
Other financing sources (uses)				
Transfers in	12,050	34,232	30,265	(3,967)
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>12,050</u>	<u>34,232</u>	<u>30,265</u>	<u>(3,967)</u>
Net change in fund balances	(501)	(501)	4,516	5,017
Fund balances, beginning of year	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Fund balances, end of year	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 5,016</u>	<u>\$ 5,017</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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	32,400	32,400	38,479	6,079
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	20,000	20,000	33,010	13,010
Other	-	-	-	-
Total revenues	<u>52,400</u>	<u>52,400</u>	<u>71,489</u>	<u>19,089</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	91,502	82,134	80,198	1,936
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>91,502</u>	<u>82,134</u>	<u>80,198</u>	<u>1,936</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>91,502</u>	<u>82,134</u>	<u>80,198</u>	<u>1,936</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,102)</u>	<u>(29,734)</u>	<u>(8,709)</u>	<u>21,025</u>
Other financing sources (uses)				
Transfers in	39,102	29,734	8,709	(21,025)
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>39,102</u>	<u>29,734</u>	<u>8,709</u>	<u>(21,025)</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
DARE
For the year ended September 30, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	320	320	319	1
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>320</u>	<u>320</u>	<u>319</u>	<u>1</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>320</u>	<u>320</u>	<u>319</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(320)</u>	<u>(320)</u>	<u>(319)</u>	<u>1</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	(320)	(320)	(319)	1
Fund balances, beginning of year	<u>319</u>	<u>319</u>	<u>319</u>	<u>-</u>
Fund balances, end of year	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 1</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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	19,682,079	28,032,343	611,830	(27,420,513)
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>19,682,079</u>	<u>28,032,343</u>	<u>611,830</u>	<u>(27,420,513)</u>
Expenditures				
Current operations				
General government	524,000	524,000	-	524,000
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>524,000</u>	<u>524,000</u>	<u>-</u>	<u>524,000</u>
Capital outlays	19,158,079	27,508,343	611,830	26,896,513
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>19,682,079</u>	<u>28,032,343</u>	<u>611,830</u>	<u>27,420,513</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>	<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, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	400,000	840,000	422,650	(417,350)
Fines and forfeits	-	18,000	14,850	(3,150)
Investment income	-	-	-	-
Rents and royalties	-	-	110,000	110,000
Contributions and reimbursements	-	119,335	124,967	5,632
Charges for services	-	-	-	-
Other	-	-	155,825	155,825
Total revenues	<u>400,000</u>	<u>977,335</u>	<u>828,292</u>	<u>(149,043)</u>
Expenditures				
Current operations				
General government	1,106,371	1,114,988	506,794	608,194
Public safety	362,468	317,814	260,460	57,354
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	156,224	167,664	34,542	133,122
Recreation services	479,848	360,514	197,469	163,045
Health	-	-	-	-
Total	<u>2,104,911</u>	<u>1,960,980</u>	<u>999,265</u>	<u>961,715</u>
Capital outlays	19,861,012	26,536,028	7,580,630	18,955,398
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>21,965,923</u>	<u>28,497,008</u>	<u>8,579,895</u>	<u>19,917,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,565,923)</u>	<u>(27,519,673)</u>	<u>(7,751,603)</u>	<u>19,768,070</u>
Other financing sources (uses)				
Transfers in	1,150,000	8,165,852	8,152,726	(13,126)
Transfers out	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>1,150,000</u>	<u>8,165,852</u>	<u>8,152,726</u>	<u>(13,126)</u>
Special Items				
Proceeds from the sale of land	400,000	400,000	-	(400,000)
Net change in fund balances	(20,015,923)	(18,953,821)	401,124	19,354,945
Fund balances, beginning of year	<u>27,214,228</u>	<u>27,214,228</u>	<u>27,214,228</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,198,305</u>	<u>\$ 8,260,407</u>	<u>\$ 27,615,351</u>	<u>\$ 19,354,945</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
GOW Capital Projects Fund
For the year ended September 30, 2007

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	-	-	-
Investment income	-	174,510	174,505	(5)
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>174,510</u>	<u>174,505</u>	<u>(5)</u>
Expenditures				
Current operations				
General government	44,167	43,496	43,496	0
Public safety	1,338	1,468	1,468	0
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	989	-	-	-
Health	-	-	-	-
Total	<u>46,494</u>	<u>44,964</u>	<u>44,964</u>	<u>0</u>
Capital outlays	4,145,909	4,704,564	4,704,559	5
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	235,198	235,198	-	235,198
Total expenditures	<u>4,427,601</u>	<u>4,984,726</u>	<u>4,749,523</u>	<u>235,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,427,601)</u>	<u>(4,810,216)</u>	<u>(4,575,018)</u>	<u>235,198</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	(4,427,601)	(4,810,216)	(4,575,018)	235,198
Fund balances, beginning of year	<u>4,810,216</u>	<u>4,810,216</u>	<u>4,810,216</u>	<u>-</u>
Fund balances, end of year	<u>\$ 382,615</u>	<u>\$ -</u>	<u>\$ 235,198</u>	<u>\$ 235,198</u>

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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.

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<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	125
<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	133
<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	137
<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	139
<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	142
<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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental activities										
Invested in capital assets, net of related debt ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 209,575,702	\$ 234,374,666	\$ 244,624,314	\$ 277,008,402	\$ 307,721,567
Restricted capital projects	-	-	-	-	-	42,821,354	26,859,710	31,654,643	25,323,478	22,904,794
Restricted for enabling legislation ²	-	-	-	-	-	-	-	-	4,190,334	4,408,972
Unrestricted	-	-	-	-	-	24,419,598	26,920,917	28,134,223	29,621,882	28,657,385
Total governmental activities net assets	\$ -	\$ 276,816,654	\$ 288,155,293	\$ 304,413,180	\$ 336,144,095	\$ 363,692,718				
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
Restricted capital projects						-	-	-	-	-
Restricted for enabling legislation						-	-	-	-	-
Unrestricted						(1,720,052)	(245,855)	1,372,757	3,672,145	2,100,616
Total business-type activities net assets	\$ -	\$ 21,884,621	\$ 22,755,128	\$ 23,871,222	\$ 25,524,717	\$ 26,306,651				
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
Restricted capital projects	-	-	-	-	-	42,821,354	26,859,710	31,654,643	25,323,478	22,904,794
Restricted for enabling legislation	-	-	-	-	-	-	-	-	4,190,334	4,408,972
Unrestricted	-	-	-	-	-	22,699,546	26,675,062	29,506,980	33,294,028	30,758,001
Total primary government net assets	\$ -	\$ 298,701,275	\$ 310,910,421	\$ 328,284,401	\$ 361,668,812	\$ 389,999,369				

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, and 2006 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Expenses										
Governmental activities:										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,441,739	\$ 10,372,215	\$ 9,805,408	\$ 11,194,315	\$ 12,553,950
Public safety	-	-	-	-	-	29,387,299	32,635,142	35,433,552	40,463,403	41,027,148
Library	-	-	-	-	-	4,127,449	4,295,061	4,615,218	5,016,881	5,290,808
Municipal court	-	-	-	-	-	680,343	756,248	930,830	1,188,252	1,331,392
Sanitation	-	-	-	-	-	4,546,886	4,210,995	4,530,331	4,803,993	5,100,516
Education	-	-	-	-	-	7,560,622	8,335,662	1,895,404	7,100,000	7,500,000
Highway and roadway improvements	-	-	-	-	-	4,456,794	4,610,589	5,175,085	5,436,669	7,067,730
Recreation services	-	-	-	-	-	6,161,563	6,131,735	6,321,075	7,321,789	7,432,739
Health	-	-	-	-	-	208,017	238,379	227,382	253,155	260,070
Interest and fiscal charges	-	-	-	-	-	4,195,659	5,264,484	4,227,036	4,764,408	4,639,784
Total governmental activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,766,371</u>	<u>76,850,511</u>	<u>73,161,322</u>	<u>87,542,865</u>	<u>92,204,137</u>
Business-type activities:										
Sewer services	-	-	-	-	-	3,654,400	3,189,092	3,225,498	3,613,950	3,297,871
Total business-type activities expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,654,400</u>	<u>3,189,092</u>	<u>3,225,498</u>	<u>3,613,950</u>	<u>3,297,871</u>
Total primary government expenses	<u>\$ -</u>	<u>\$ 74,420,771</u>	<u>\$ 80,039,603</u>	<u>\$ 76,386,820</u>	<u>\$ 91,156,815</u>	<u>\$ 95,502,008</u>				
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,092,060	\$ 4,359,687	\$ 4,685,921	\$ 4,946,810	\$ 5,209,005
Public safety	-	-	-	-	-	5,057,430	6,267,496	5,517,548	6,510,590	7,010,384
Library	-	-	-	-	-	219,955	217,273	243,539	273,053	311,405
Municipal court	-	-	-	-	-	1,103,584	1,163,474	1,572,652	2,213,768	2,421,341
Sanitation	-	-	-	-	-	6,450	5,700	6,450	6,300	6,450
Highway and roadway improvements	-	-	-	-	-	1,863	12,170	-	40,095	-
Recreation services	-	-	-	-	-	1,231,054	1,257,087	1,194,290	1,356,777	1,537,513
Operating grants and contributions	-	-	-	-	-	2,282,895	2,254,587	3,238,564	2,401,585	2,869,700
Capital grants and contributions	-	-	-	-	-	3,358,490	384,234	234,974	103,719	1,035,625
Total governmental activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,353,781</u>	<u>15,921,708</u>	<u>16,693,938</u>	<u>17,852,697</u>	<u>20,401,423</u>
Business-type activities:										
Charges for services:										
Sewer services	-	-	-	-	-	3,244,883	4,059,598	4,336,371	5,267,445	3,883,098
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	5,200	-	-
Total business-type activities program revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,244,883</u>	<u>4,059,598</u>	<u>4,341,571</u>	<u>5,267,445</u>	<u>3,883,098</u>
Total primary government program revenues	<u>\$ -</u>	<u>\$ 20,598,664</u>	<u>\$ 19,981,306</u>	<u>\$ 21,035,510</u>	<u>\$ 23,120,142</u>	<u>\$ 24,284,521</u>				

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Continued										
Net (expense)/revenue										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (53,412,590)	\$ (60,928,803)	\$ (56,467,384)	\$ (69,690,169)	\$ (71,802,714)
Business-type activities	-	-	-	-	-	(409,517)	870,506	1,116,073	1,653,495	585,227
Total primary government net expense	\$ -	\$ (53,822,107)	\$ (60,058,297)	\$ (55,351,311)	\$ (68,036,673)	\$ (71,217,487)				
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Sales taxes	-	-	-	-	-	47,552,917	52,097,889	56,449,217	59,153,632	59,301,855
Property taxes	-	-	-	-	-	6,705,083	7,712,457	8,053,100	8,788,687	9,418,548
Franchise taxes	-	-	-	-	-	638,415	669,243	665,780	704,528	759,067
Gross receipts taxes	-	-	-	-	-	2,663,109	2,763,264	3,026,932	3,425,989	3,793,381
Other taxes	-	-	-	-	-	2,655,367	2,858,598	2,949,342	3,550,373	3,608,481
Intergovernmental shared revenues	-	-	-	-	-	1,935,834	2,215,218	2,398,968	2,842,123	2,904,688
Investment earnings	-	-	-	-	-	1,378,214	1,790,353	1,971,416	2,484,355	3,629,529
Rents and royalties	-	-	-	-	-	-	-	-	7,973	10,249
Other revenue	-	-	-	-	-	492,661	209,333	321,894	303,041	384,586
Gain (loss) on sale of disposed equipment	-	-	-	-	-	(10,336)	-	4,986	282,527	(128,757)
Contribution of capital assets ¹	-	-	-	-	-	-	141,094	525,535	20,913,209	2,134,971
Special items	-	-	-	-	-	-	-	(6,656,318)	(1,035,353)	(72,877)
Total governmental activities	-	-	-	-	-	64,011,264	70,457,451	69,710,852	101,421,086	85,743,721
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	196,707
Other revenues	-	-	-	-	-	-	-	21	-	-
Total business-type activities	-	-	-	-	-	-	-	21	-	196,707
Total primary government	\$ -	\$ 64,011,264	\$ 70,457,451	\$ 69,710,873	\$ 101,421,086	\$ 85,940,428				
Change in Net Assets										
Governmental activities	-	-	-	-	-	10,598,674	9,528,648	13,243,468	31,730,917	13,941,007
Business-type activities	-	-	-	-	-	(409,517)	870,506	1,116,093	1,653,495	781,934
Total primary government	-	-	-	-	-	10,189,157	10,399,154	14,359,562	33,384,413	14,722,941

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, and 2006 do not reflect prior period adjustments that were made in subsequent years relating to capital assets. These amounts were \$1,809,991, \$3,014,418, and \$13,607,616, respectively.

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved for non-current receivable	¹ \$ 3,591,674	\$ 3,804,858	\$ 4,027,499	\$ 961,155	\$ 887,601	\$ 777,445	\$ 680,670	\$ 549,980	\$ 393,180	\$ 324,580
Reserved other	-	45,456	216,284	32,896	90,199	-	99,040	158,803	340,345	321,988
Unreserved	² 17,938,230	21,692,487	27,176,844	20,080,973	23,499,652	26,815,425	28,487,586	29,722,353	30,266,475	30,453,433
Total general fund	<u>21,529,904</u>	<u>25,542,801</u>	<u>31,420,627</u>	<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>
All other governmental funds										
Reserved for capital projects	³ \$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,323,478	\$ 22,904,794
Unreserved, reported in:										
Special revenue funds	1,413,128	1,575,694	1,689,858	3,029,069	2,569,939	3,007,427	4,387,930	4,434,302	4,190,334	4,408,972
Capital projects funds	(2,836,631)	1,615,263	15,072,918	10,867,360	10,996,703	42,821,354	26,859,710	31,654,643	8,341,289	7,756,861
Total all other governmental funds	<u>(1,423,503)</u>	<u>3,190,957</u>	<u>16,762,776</u>	<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>
Total all governmental funds	<u>20,106,401</u>	<u>28,733,758</u>	<u>48,183,403</u>	<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>

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 42,853,434	\$ 45,534,524	\$ 47,617,556	\$ 49,904,277	\$ 55,006,564	\$ 60,214,892	\$ 66,101,452	\$ 71,144,371	\$ 75,623,209	\$ 76,881,332
Licenses and permits	8,164,042	9,117,729	9,002,056	9,351,131	10,254,746	7,774,194	8,750,751	8,498,490	8,987,468	8,753,625
Intergovernmental	2,704,982	3,075,793	4,246,598	3,254,141	3,888,795	5,952,367	4,095,296	5,474,758	4,471,897	5,815,390
Fines and forfeits	1,182,346	1,100,142	1,455,122	1,219,308	1,150,399	1,277,982	1,881,578	2,084,735	3,417,653	4,465,564
Investment income	1,228,608	1,250,397	3,053,705	3,020,823	1,693,602	1,379,526	1,795,771	1,980,059	2,540,019	3,728,266
Rents and royalties	-	-	-	-	-	358,432	375,860	442,924	517,281	700,954
Contributions and reimbursements	-	-	-	-	-	1,439,052	758,743	397,747	874,490	978,704
Charges for services	-	-	-	1,209,952	1,195,571	2,285,998	2,269,281	2,185,504	2,377,059	2,487,467
Other	1,301,811	1,239,620	1,426,777	779,188	757,418	1,389,750	209,312	432,568	692,757	410,956
Total revenues	57,435,223	61,318,205	66,801,814	68,738,820	73,947,095	82,072,193	86,238,043	92,641,156	99,501,833	104,222,257
Expenditures										
General government	\$ 5,325,776	\$ 6,512,020	\$ 6,827,397	\$ 7,023,759	\$ 8,074,561	\$ 8,031,148	\$ 9,584,128	\$ 8,771,404	\$ 9,818,864	\$ 11,158,288
Public safety	18,861,323	20,276,434	22,712,832	24,094,085	25,381,046	27,941,659	30,959,270	34,307,370	37,496,799	40,173,371
Library	-	-	55,548	59,570	-	3,874,224	4,120,702	4,333,627	4,756,851	5,044,181
Municipal court	423,364	436,430	506,090	722,358	624,373	671,634	729,106	930,994	1,143,148	1,319,497
Sanitation	3,604,110	3,770,917	4,051,365	4,272,614	4,371,521	4,546,886	4,210,995	4,494,543	4,803,993	5,100,516
Education	-	-	-	-	-	7,560,622	8,335,662	1,895,404	7,100,000	7,500,000
Highway and roadway improvements	2,601,583	2,155,620	2,484,989	2,256,317	3,032,938	3,583,649	3,289,738	4,130,672	4,715,687	4,501,009
Recreation services	-	-	-	299,377	2,431,397	5,190,949	5,684,917	5,426,654	6,319,400	6,345,982
Health	365,070	356,631	327,890	211,910	418,807	197,634	205,191	220,172	239,925	252,973
Capital outlays	5,329,877	5,787,340	16,797,201	12,258,851	8,129,245	17,953,337	22,739,679	6,888,827	11,320,900	16,274,396
Debt service										
Principal	2,493,431	3,176,297	3,183,550	3,225,000	3,370,000	4,355,000	4,095,000	4,760,000	4,585,000	4,670,000
Interest	3,154,647	3,200,063	3,011,361	4,798,122	4,071,665	4,058,279	5,185,590	4,366,420	4,613,046	4,488,630
Fiscal agent fees	13,917	9,508	3,600	3,600	4,800	3,235	4,800	6,817	3,899	5,010
Bond issuance costs	-	46,184	318,615	-	-	764,499	-	299,814	-	-
Total expenditures	42,173,098	45,727,444	60,280,438	59,225,563	59,910,353	88,732,755	99,144,778	80,832,716	96,917,512	106,833,852
Excess of revenues over (under) expenditures	15,262,125	15,590,761	6,521,376	9,513,257	14,036,742	(6,660,562)	(12,906,735)	11,808,439	2,584,321	(2,611,596)
Other financing sources (uses)										
Transfers in	10,099,348	12,620,745	2,548,155	8,827,706	4,415,471	6,212,202	-	25,603,806	27,902,907	31,159,272
Transfers out	(6,537,112)	(12,802,952)	(2,548,155)	(8,827,706)	(4,415,471)	(6,212,202)	-	(25,603,806)	(27,902,907)	(31,159,272)
Transfers out component units	(11,426,505)	(12,330,706)	(12,641,300)	(19,708,178)	(11,080,323)	-	-	-	-	-
Proceeds of general obligation warrants	-	12,294,509	25,569,569	-	-	-	-	-	-	-
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	-	(6,745,000)	-	-	-	(40,567,674)	-	(30,787,042)	-	-
Discount on refunding bonds issued	-	-	-	-	-	(109,456)	-	-	-	-
Total other financing sources (uses)	(7,864,269)	(6,963,404)	12,928,269	(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	\$ 7,397,856	\$ 8,627,357	\$ 19,449,645	\$ (10,194,921)	\$ 3,072,641	\$ 35,187,308	\$ (12,906,735)	\$ 6,005,145	\$ 2,335,018	\$ (2,684,473)
Debt service as a percentage of noncapital expenditures	15.37%	15.99%	14.25%	17.09%	14.38%	11.75%	12.05%	12.24%	10.73%	9.97%

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)

<u>Fiscal Year</u>	<u>Sales and Use Taxes</u>	<u>Property Taxes Real/Per/Util</u>	<u>Property Taxes Motor Vehicles</u>	<u>In Lieu of Property Taxes</u>	<u>Rental Taxes</u>	<u>Gross Receipts and Franchise Taxes</u>	<u>Other Municipal Taxes</u>	<u>Total</u>
1998	\$ 36,716,919	\$ 4,253,830	\$ 438,799	\$ 47,828	\$ 173,450	\$ -	\$ 1,222,608	\$ 42,853,434
1999	38,376,459	4,456,220	516,270	47,828	370,671	-	1,826,526	45,593,974
2000	39,019,809	5,215,400	668,403	47,828	576,455	-	2,089,661	47,617,556
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

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									
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Merchandise Retail	¹	\$ 26,245,254	\$ 27,431,493	\$ 27,891,359	\$ 29,302,953	\$ 31,441,234	\$ 33,990,825	\$ 37,239,571	\$ 40,349,900	\$ 42,283,016	\$ 42,388,966
Auto Dealers and Supplies	¹	2,999,772	3,135,357	3,187,918	3,349,260	3,593,661	3,885,073	4,256,398	4,611,901	4,832,852	4,844,962
Grocery Stores	¹	1,997,400	2,087,679	2,122,678	2,230,107	2,392,842	2,586,879	2,834,125	3,070,837	3,217,958	3,226,021
Restaurants	¹	3,139,297	3,281,187	3,336,194	3,505,040	3,760,808	4,065,774	4,454,370	4,826,408	5,057,636	5,070,309
Home Furnishings & Appliances	¹	403,886	422,141	429,218	450,941	483,847	523,082	573,077	620,941	650,690	652,320
Pharmacy	¹	257,018	268,635	273,139	286,962	307,902	332,870	364,685	395,145	414,075	415,113
Other Sales	¹	1,674,292	1,749,967	1,779,303	1,869,355	2,005,764	2,168,413	2,375,664	2,574,084	2,697,406	2,704,165
Total		<u>\$ 36,716,919</u>	<u>\$ 38,376,459</u>	<u>\$ 39,019,809</u>	<u>\$ 40,994,618</u>	<u>\$ 43,986,058</u>	<u>\$ 47,552,917</u>	<u>\$ 52,097,889</u>	<u>\$ 56,449,217</u>	<u>\$ 59,153,632</u>	<u>\$ 59,301,855</u>

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>
	1998	3.0%	1.0%	4.0%	8.0%
	1999	3.0%	1.0%	4.0%	8.0%
	2000	3.0%	1.0%	4.0%	8.0%
	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%

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>
	1998	3.0%	2.0%	4.0%	9.0%
	1999	3.0%	2.0%	4.0%	9.0%
	2000	3.0%	2.0%	4.0%	9.0%
	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%

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
Principal Sales and Use Taxpayers
Current Year and Nine Years Ago

	Calendar Year ¹	
	2007	1998
	Rank	Rank
Belk (formerly Parisian)	1	1
Wal-mart - 150 location (formerly US 31 location)	2	3
Wal-mart - 280 location	3	
Costco	4	
Sam's Club	5	
Macy's (Galleria/Rich's)	6	2
Best Buy	7	
Publix - 280 location	8	
Home Depot (Galleria)	9	4
Tameron Automotive Group	10	
Sears Roebuck & Co		5
Macy's (Galleria East)		6
Bruno's Food & Pharmacy - Riverchase Village		7
JCPenneys		8
CompUSA Stores		9
Circuit City (Highway 31)		10
 Total Sales and Use Taxes - Principal Payers	 28.12%	 26.23%

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
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	
1998	\$ 328,041,051	\$ 2,330,203,943	\$ 46,095,817	\$ 230,479,085	\$ 67,290,000	\$ 224,277,570	\$ 441,426,868	\$ 2,784,960,598	15.85%
1999	337,510,271	2,406,636,475	47,965,463	239,827,315	67,539,220	225,108,220	453,014,954	2,871,572,010	15.78%
2000	417,489,222	2,988,826,100	59,248,321	296,241,605	68,640,060	228,800,177	545,377,603	3,513,867,882	15.52%
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	682,137,900	5,187,041,365	80,073,115	400,365,575	75,822,180	252,740,595	838,033,195	5,840,147,535	14.35%

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	
1998	\$ 198,222,620	\$ 1,434,982,400	\$ 24,483,800	\$ 122,419,000	\$ 15,990,180	\$ 53,300,600	\$ 238,696,600	\$ 1,610,702,000	14.82%
1999	208,300,880	1,534,843,200	26,157,500	130,787,500	10,220,900	34,069,667	244,679,280	1,699,700,367	14.40%
2000	255,374,360	1,897,548,300	29,522,540	147,612,700	8,016,160	26,720,533	292,913,060	2,071,881,533	14.14%
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%

Source: Jefferson County and Shelby County Tax Assessors

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 Schools	School District	County Total		
1998	0.65	1.40	2.05	1.35	0.82	1.39	3.56	0.65	6.26
1999	(A) 0.65	2.40	3.05	1.35	0.82	1.39	3.56	0.65	7.26
2000	0.65	2.40	3.05	1.35	0.82	1.39	3.56	0.65	7.26
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

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 Schools	School District	Hospital		
1998	0.65	1.40	2.05	0.75	1.60	0.60		2.95	5.65
1999	(A) 0.65	2.40	3.05	0.75	1.60	0.60		2.95	6.65
2000	0.65	2.40	3.05	0.75	1.60	0.60		2.95	6.65
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

(A) City voters passed a 10 mill property tax for schools at a referendum held on May 12, 1998.
The tax was effective beginning in October, 1998.

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>
1998	\$ 2,802,963	\$ 2,764,344	98.62 %	\$ 12,696	\$ 2,777,040	99.08 %
1999	2,872,611	2,846,285	99.08	4,694	2,850,979	99.25
2000	3,448,634	3,418,252	99.12	8,958	3,427,210	99.38
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	4,804,289	4,891,079	101.81	11,336	4,902,415	102.04
2007	5,300,726	5,378,437	101.47	10,291	5,388,727	101.66

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>
1998	\$ 1,531,197	\$ 1,476,563	96.43 %	\$ 226	\$ 1,476,790	96.45 %
1999	1,571,374	1,605,034	102.14	207	1,605,241	102.16
2000	1,882,191	1,787,644	94.98	546	1,788,190	95.01
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

THE CITY OF HOOVER, ALABAMA
Principal Property Taxpayers
September 30, 2007

	Fiscal Year					
	2007			1998		
	City Only Ad Valorem Taxes	Rank	Percentage of Total Property Taxes Collected (A)	City Only Ad Valorem Taxes	Rank	Percentage of Total Property Taxes Collected (A)
Bellsouth Telecommunications	\$ 551,063	1	6.46%	\$ 445,219	1	10.47%
Hoover Mall Limited LP	191,511	2	2.25%	120,302	3	2.83%
Amsouth Bank & Investment Services	172,033	3	2.02%	127,506	2	3.00%
Blue Cross & Blue Shield	164,628	4	1.93%	72,602	6	-
AIG Baker	147,591	5	1.73%			0.00%
Teachers Insurance and Annuity Association of America	107,275	6	1.26%			-
Teachers Retirement System	73,852	7	0.87%			-
Alabama Power Co	56,464	8	0.66%	39,644	9	0
Meadowbrook Properties	52,082	9	0.61%			-
Schreiber David B Esq.	44,933	10	0.53%			0.00%
Metropolitan Life Insurance	-		-	118,790	4	2.79%
Colonial Realty	-		-	90,982	5	2.14%
Wilmington Trust	-		-	49,954	7	1.17%
Tree Crossing Associates	-		-	39,765	8	0.93%
Gateway Ala Properties	-		-	30,547	10	0.72%
Total Ad Valorem Taxes - Principal Property Taxpayers	\$ 1,561,432		18.32%	\$ 1,135,311		24.98%
Total Ad Valorem Taxes - All Taxpayers	\$ 8,523,963		100.00%	\$ 4,253,830		100.00%

Source: Jefferson and Shelby County Tax Collectors

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>
1998	1.88	1.60
1999	2.20	1.87
2000	2.48	2.11
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

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 Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Personal Income</u>	<u>Percentage of Personal Income</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Warrants</u>	<u>General Obligation Warrants</u>					
1998	\$ 58,379,847	\$ -	\$ 58,379,847	NA	NA	60,000	\$ 973 ²
1999	60,858,550	8,505,000	69,363,550	NA	NA	62,000	1,119 ²
2000	83,160,000	18,070,000	101,230,000	NA	NA	62,742	1,613 ¹
2001	79,935,000	17,770,000	97,705,000	NA	NA	64,605	1,512 ²
2002	76,565,000	17,135,000	93,700,000	\$ 2,011,996,130	4.66%	65,885	1,422 ²
2003	115,375,000	16,480,000	131,855,000	2,126,334,840	6.20%	67,830	1,944 ²
2004	111,280,000	15,800,000	127,080,000	2,369,148,960	5.36%	70,060	1,814 ²
2005	108,500,000	15,090,000	123,590,000	2,537,458,113	4.87%	71,151	1,737 ²
2006	103,915,000	14,360,000	118,275,000	2,766,360,675	4.28%	73,505	1,609 ²
2007	99,245,000	13,600,000	112,845,000	2,974,708,035	3.79%	79,041	1,428 ²

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>	<u>Percentage of Estimated Actual Taxable Value of Property</u> ³	<u>Population</u>	<u>Per Capita</u>
1998	\$ 58,379,847	\$ 4,395,662,598	1.33%	60,000 ¹	\$ 973
1999	60,858,550	4,571,272,377	1.33%	62,000 ¹	982
2000	83,160,000	5,585,749,415	1.49%	62,742 ²	1,325
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	8,735,329,522	1.19%	73,505 ¹	1,414
2007	99,245,000	9,519,857,668	1.04%	79,401 ¹	1,250

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, 2007

	<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	\$ 99,245,000	100.00%	\$ 99,245,000
Total direct debt	<u>99,245,000</u>		<u>99,245,000</u>
Overlapping Debt:			
Hoover City Board of Education	198,195,000	100.00%	198,195,000
Jefferson County	285,241,095	11.58%	33,034,768
Jefferson County Board of Education	124,681,608	11.58%	14,439,813
Shelby County	46,550,000	19.63%	9,136,725
Shelby County Board of Education	<u>177,068,422</u>	19.63%	<u>34,754,576</u>
Total overlapping debt	<u>831,736,125</u>		<u>289,560,882</u>
Total direct and overlapping debt	<u>\$ 930,981,125</u>		<u>\$ 388,805,882</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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	152,737,647	182,319,453	182,319,453	197,414,299	200,352,873	210,508,019	240,975,822	264,412,200	274,875,039	281,095,047
Total net debt applicable to limit	46,489,847	49,649,125	72,236,150	79,935,000	76,565,000	115,375,000	111,280,000	108,500,000	103,915,000	99,245,000
Legal debt margin	106,247,800	132,670,328	110,083,303	117,479,299	123,787,873	95,133,019	129,695,822	155,912,200	170,960,039	181,850,047
Total net debt applicable to the limit as a percentage of debt limit	30.44%	27.23%	39.62%	40.49%	38.22%	54.81%	46.18%	41.03%	37.80%	35.31%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value of property:	¹
Jefferson County	\$ 845,035,596
Shelby County	<u>560,439,640</u>
Total assessed value of or property	1,405,475,236
Debt limit - 20 percent of total assessed value	281,095,047
Debt applicable to limit:	
General obligation warrants	<u>99,245,000</u>
Legal debt margin	<u><u>\$ 181,850,047</u></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 \$144,312,900 (Jefferson County - \$85,011,760 and Shelby County - \$59,301,140) For FY 2007, a considerable drop in value was due to a large trucking company moving out of the City.
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
1998	60,000 ²	NA	NA	9,018	1.0%
1999	62,000 ²	NA	NA	9,310	1.1%
2000	62,742 ¹	NA	NA	9,463	1.8%
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	2,537,458,113	35,663	11,771	2.4%
2006	73,505 ²	2,766,360,675	37,635	12,036	2.1%
2007	79,041 ²	2,974,708,035	37,635	12,400	2.1%

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

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

Employer	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees ¹	Rank	Percentage of Total City Employment
Blue Cross Blue Shield of Alabama	3,000	1	na	na		
Hoover Board of Education	1,859	2				
Regions Bank	1,765	3				
Bellsouth Telecommunications	1,143	4				
City of Hoover	749	5				
Southern Company Services	704	6				
Cahaba Government Benefit	621	7				
Southern Nuclear Operating Co	547	8				
T-Mobile Call Center	549	9				
Wal-mart - 150 location (formerly US 31 location)	527	10				
Total top 10	11,464					
Total all employees in the City	na			na		

Note: Data for nine years ago is not available

Source: Chamber of Commerce and The City of Hoover 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																			
		1998		1999		2000		2001		2002		2003		2004		2005		2006		2007	
		PT		PT		PT		PT		PT		PT		PT		PT		PT		PT	
		TP		TP		TP		TP		TP		TP		TP		TP		TP		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	na	na	na	na	na	na	13	6	13	8	16	8	16	8
Building services		na	na	na	na	na	na	na	na	na	na	na	na	10	0	11	0	12	0	12	0
Development		na	na	na	na	na	na	na	na	na	na	na	na	2	0	2	0	2	0	2	0
Finance		na	na	na	na	na	na	na	na	na	na	na	na	8	0	8	0	8	0	8	0
Fleet		na	na	na	na	na	na	na	na	na	na	na	na	7	0	7	0	7	0	7	0
Human resources		na	na	na	na	na	na	na	na	na	na	na	na	5	0	5	0	5	0	5	0
Revenue		na	na	na	na	na	na	na	na	na	na	na	na	7	0	9	0	10	0	10	0
Support services/mis		na	na	na	na	na	na	na	na	na	na	na	na	8	0	8	0	8	0	8	0
Total general government		na	na	na	na	na	na	na	na	na	na	na	na	60	6	63	8	68	8	68	8
Public safety																					
Police																					
Officers	²	na	na	na	na	na	na	na	na	na	na	na	na	139	0	143	0	154	0	155	0
Civilians	³	na	na	na	na	na	na	na	na	na	na	na	na	29	10	35	12	33	12	33	12
Fire																					
Firefighters and officers	⁴	na	na	na	na	na	na	na	na	na	na	na	na	149	12	149	12	152	12	152	12
Civilians		na	na	na	na	na	na	na	na	na	na	na	na	1	0	1	0	1	0	1	0
Homeland security	⁵	na	na	na	na	na	na	na	na	na	na	na	na	0	0	1	0	1	0	1	0
Inspection services		na	na	na	na	na	na	na	na	na	na	na	na	19	0	19	0	21	0	21	0
Communications/dispatch	⁵	na	na	na	na	na	na	na	na	na	na	na	na	27	0	28	0	28	1	28	0
Total public safety	⁶	na	na	na	na	na	na	na	na	na	na	na	na	364	22	376	24	390	25	391	24
Library		na	na	na	na	na	na	na	na	na	na	na	na	41	49	42	53	44	56	43	60
Municipal court		na	na	na	na	na	na	na	na	na	na	na	na	10	1	12	1	14	0	14	0
Highway and roadway																					
Engineering and horticulture		na	na	na	na	na	na	na	na	na	na	na	na	5	0	5	0	5	0	5	0
Public works		na	na	na	na	na	na	na	na	na	na	na	na	33	0	34	0	35	0	35	0
Total highway and roadway		na	na	na	na	na	na	na	na	na	na	na	na	38	0	39	0	40	0	40	0
Recreation services																					
Recreation/senior center	⁷	na	na	na	na	na	na	na	na	na	na	na	na	18	35	19	33	21	34	23	33
Park maintenance		na	na	na	na	na	na	na	na	na	na	na	na	36	6	36	6	36	6	36	6
Total recreation services		na	na	na	na	na	na	na	na	na	na	na	na	54	41	55	39	57	40	59	39
Health																					
Animal control		na	na	na	na	na	na	na	na	na	na	na	na	2	0	2	0	2	0	2	0
Total health		na	na	na	na	na	na	na	na	na	na	na	na	2	0	2	0	2	0	2	0
Sewer		na	na	na	na	na	na	na	na	na	na	na	na	1	0	1	0	1	0	1	0
Total approved positions		na	na	na	na	na	na	na	na	na	na	na	na	570	119	590	125	616	129	618	131

Note: Data is unavailable for fiscal year 1997 thru fiscal year 2003; FT = full-time, PT = part-time, TP = temporary/seasonal, and EO = elected official

¹ Administration includes Mayor's office, Internal audit, City council, Operations, Risk management, Events management; Elected officials increased to 7 council members (from 5) and 1 mayor in fiscal year 2005.

² Changes are as follows: (Civilians: 2005 - added 6 detention officers, 2006 - 2 park rangers moved to recreation) and (Officers: 2005 - added 6 police officers and moved a sworn to 1810 and 1910, 2006 - added 11 police officers/master police officers, 2007 - added 1 SRO).

³ Police temporary civilians are crossing guards that work for the Hoover City Schools.

⁴ Fire part-time are extra-boards available to fill in when needed.

⁵ Each of these departments also has 1 sworn police officer.

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

		Fiscal Year ¹									
		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Function											
General Government											
	Employees hired	⁷ na	na	na	na	134	82	79	122	116	80
	Business licenses issued	⁸ 6,576	6,750	7,072	7,414	7,810	8,177	8,704	8,922	9,080	9,261
Public safety:											
Police											
	Arrests	³ 2,329	2,309	2,369	2,158	2,334	2,516	2,625	3,058	3,118	3,205
Fire											
Number of calls:											
	Emergency medical services	⁶ na	na	na	na	na	na	na	5,029	5,609	5,936
	Fire/other	⁶ na	na	na	na	na	na	na	2,801	3,384	3,244
Inspections											
	Building permits issued	1,633	1,594	1,571	1,470	1,620	1,836	2,060	1,872	1,950	1,754
Library											
	Materials checked out	⁹ 699,921	700,643	685,621	432,102	868,344	962,086	1,072,196	1,141,311	1,262,067	1,404,302
Municipal court											
	Non-traffic court cases	⁵ 1,987	1,951	2,253	2,087	2,381	2,318	2,471	2,826	3,086	3,170
	Traffic cases	⁵ 10,992	8,386	9,992	8,984	6,887	7,004	7,935	12,692	17,566	16,016
	Adjudicated cases	⁵ 12,680	10,348	12,225	11,274	9,170	9,197	9,359	12,805	18,577	18,392
	Failure to appear warrants	⁵ 527	872	3,099	2,856	2,446	1,986	2,273	3,399	5,096	5,047
	Other warrants	⁵ 560	949	3,368	3,308	2,895	2,351	3,252	4,264	5,959	5,765
Sanitation											
Single homes:											
	Regular garbage service	⁴ na	na	na	na	na	na	na	20,448	21,279	21,883
	Backdoor garbage service	na	na	na	na	na	na	na	50	50	50
Recreation services											
	Average daily recreation center visits	² na	na	na	na	na	na	484	441	494	527
Sewer											
Average daily flow (gallons per day):											
	Inverness	¹⁰ 502,000	440,000	351,000	577,000	884,000	837,000	852,000	795,000	963,000	872,000
	Riverchase	¹⁰ 1,337,000	1,170,000	1,362,000	1,718,000	1,662,000	2,138,000	1,454,000	2,770,000	2,984,000	1,622,000

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government										
Vehicles	na	na	na	na	na	na	na	na	33	38
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	1	1	1	1	3	2	3	3	3	3
Vehicles	na	na	na	na	na	na	na	na	196	211
Fire:										
Fire stations	8	8	8	8	8	8	8	8	8	8
Vehicles	na	na	na	na	na	na	na	na	50	49
Other public safety:										
Vehicles	na	na	na	na	na	na	na	na	18	21
Library										
Vehicles	na	na	na	na	na	na	na	na	2	2
Municipal Court										
Vehicles	na	na	na	na	na	na	na	na	4	4
Highway and roadways										
Streets (miles) ¹	na	na	na	na	na	307	307	307	334	323
Streetlights	na	na	na	na	na	na	na	na	495	490
Traffic signals:										
Jefferson County	na	na	na	na	na	na	na	66	66	69
Shelby County	na	na	na	na	na	na	na	30	30	30
Vehicles	na	na	na	na	na	na	na	na	49	55
Recreation services										
Lakes ²	na	na	na	na	na	na	na	na	6	6
Parks ²	na	na	na	na	na	na	na	21	22	22
Vehicles	na	na	na	na	na	na	na	na	36	39
Health										
Vehicles	na	na	na	na	na	na	na	na	3	3
Sewer										
Sanitary sewer miles	na	na	na	na	na	na	na	86	86	86
Vehicles	na	na	na	na	na	na	na	na	1	1

na - not available

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

² Source: Risk management

THE CITY OF HOOVER, ALABAMA
Miscellaneous Statistics
September 30, 2007

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)

Estimated number of housing units:

Owner occupied (townhomes or single family detached)	22,869	(B)
Renter occupied (multi-family or group quarters)	<u>10,719</u>	(B)
Total	<u><u>33,588</u></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	<u>1</u>	(C)
Total	<u><u>17</u></u>	(C)

Area (Square Miles): 42.08 (D)

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