

THE CITY OF HOOVER, ALABAMA

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2006

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, 2006

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INTRODUCTORY SECTION

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The City of Hoover has a population of 73,505 and is located in north-central Alabama within the Birmingham/Hoover metropolitan statistical area. Hoover occupies approximately 41.24 square miles within Jefferson and Shelby counties.

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**Mayor's Office
City of Hoover**

Tony Petelos
Mayor

March 31, 2007

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, 2006, 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 Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical.

The INTRODUCTORY section includes the table of contents, this letter of transmittal, an organizational chart and a list of the elected officials.

The FINANCIAL section includes the independent auditor's report, the Management Discussion and Analysis, the Basic Financial Statements, including both Government-wide and Fund financial statements and accompanying Notes to the Financial Statements, Other Required Supplementary Information, and Combining Financial Statements.

The STATISTICAL section includes selected financial and demographic information generally presented on a multi-year comparative basis.

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 2006, a single audit was not 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 73,505 today, making it the sixth largest city in the state based on population. Along with this continued population growth, the City now comprises approximately 41.24 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, Parisian, 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 23.94% 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.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

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 40 percent of the current prime lending rate. 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, 2006, the City had a number of debt issues outstanding. These issues included general obligation warrants totaling \$103,915,000 for the General Fund, as well as \$14,360,000 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.

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, 2006 increased by 7.41% over the fiscal year ended September 30, 2005.

The following schedule presents a summary of revenues for all Governmental Funds for the fiscal year ended September 30, 2006, with the amount and percentage of increase (decrease) in relation to the fiscal year ended September 30, 2005.

Below revenues are broken down by major categories. Although one individual category decreased, overall revenues increased by \$6,860,677 or 7.41% over the previous year. The two largest sources of revenue by major category are taxes and licenses and permits, which comprise 85.03% of total revenues. The former increased 6.30% while the latter increased by 5.75% in FY 2006.

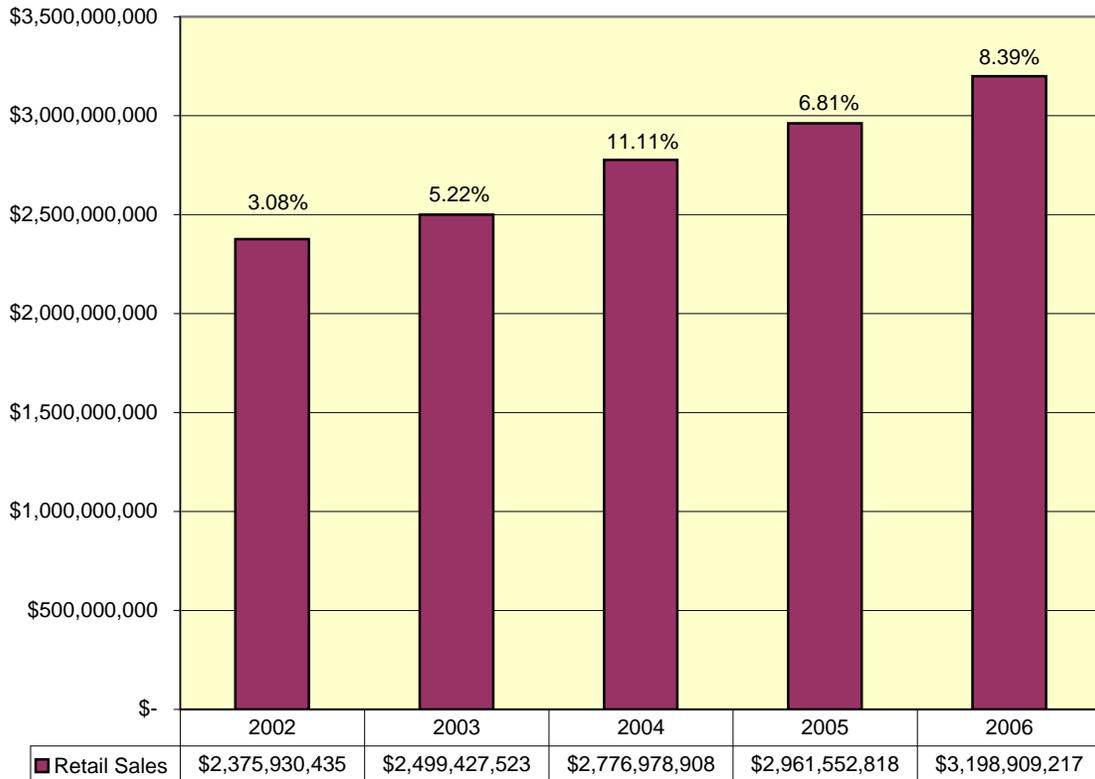
| Revenues | FY 2006 Amount | Percent of Total | FY 2005 Amount | Increase (Decrease) From FY 2005 | Percent of Increase (Decrease) |
|----------------------------------|----------------------|---------------------|----------------------|--|--------------------------------------|
| Taxes | \$ 75,623,209 | 76.00 % | \$ 71,144,371 | \$ 4,478,838 | 6.30 % |
| Licenses and permits | 8,987,468 | 9.03 | 8,498,490 | 488,978 | 5.75 |
| Intergovernmental | 4,471,897 | 4.49 | 5,474,758 | (1,002,861) | (18.32) |
| Fines and forfeits | 3,417,653 | 3.43 | 2,084,735 | 1,332,918 | 63.94 |
| Investment income | 2,540,019 | 2.55 | 1,980,059 | 559,960 | 28.28 |
| Rents and royalties | 517,281 | 0.52 | 442,924 | 74,357 | 16.79 |
| Contributions and reimbursements | 874,490 | 0.88 | 397,747 | 476,743 | 119.86 |
| Charges for services | 2,377,059 | 2.39 | 2,185,504 | 191,555 | 8.76 |
| Other | 692,757 | 0.70 | 432,568 | 260,189 | 60.15 |
| Total revenues | <u>\$ 99,501,833</u> | <u>100.00 %</u> | <u>\$ 92,641,156</u> | <u>\$ 6,860,677</u> | <u>7.41 %</u> |

As shown above, the intergovernmental category decreased in revenue by dollar amount over the previous year. Intergovernmental decreases were due to receiving less grant funds in FY 2006 than in FY 2005. The City did not expend as much on the Community Development Block Grant program, which is a reimbursement grant, by \$372,054. Also, the COPs grant that the City had received for three years ended in FY 2005, which comprised a difference of \$78,493. Several road projects are reimbursement grants through the Alabama Department of Transportation, where we had fewer expenditures in FY 2006, for a difference of \$148,361. In addition, in FY 2005 the fire department and the Department of Homeland Security had several grants from the Federal Emergency Management Agency (FEMA) that they did not have in FY 2006. The decrease to intergovernment revenue sources overall was 18.32% or \$1,002,861.

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 their growth trend as they have over the past ten years. Thus, the local economy for the City of Hoover continues to flourish and remain strong.

Related to sales and use taxes, the City's total retail sales itself increased by \$237,356,399 over the previous year for a total of \$3,198,909,217. This represented an 8.01% increase. Much of this can be attributed to the strength of existing businesses as well as an expansion of the business tax base. The chart below depicts the retail sales growth for the last five years.

**RETAIL SALES
WITH % INCREASE
LAST FIVE YEARS**

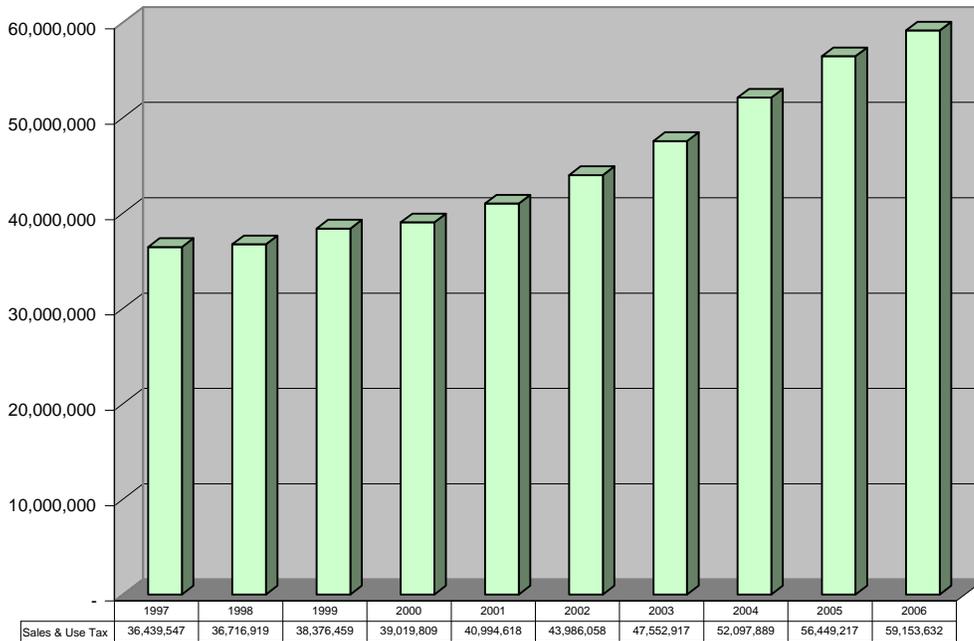


Continued commercial expansion has resulted in greater sales and use tax revenues in each of the past 10 years. The chart and table below depict the past ten years of sales and use tax revenue collected by the City. Because GASB 34 has created a change in financial reporting, numbers for previous years 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> |
|--------------------|----------------------------------|--|--|---------------------------------|
| 1997 | 36,439,547 | 6.42 | 56,008,649 | 65.06 |
| 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 |

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

**SALES AND USE TAX REVENUE
FY 1997 TO FY 2006**



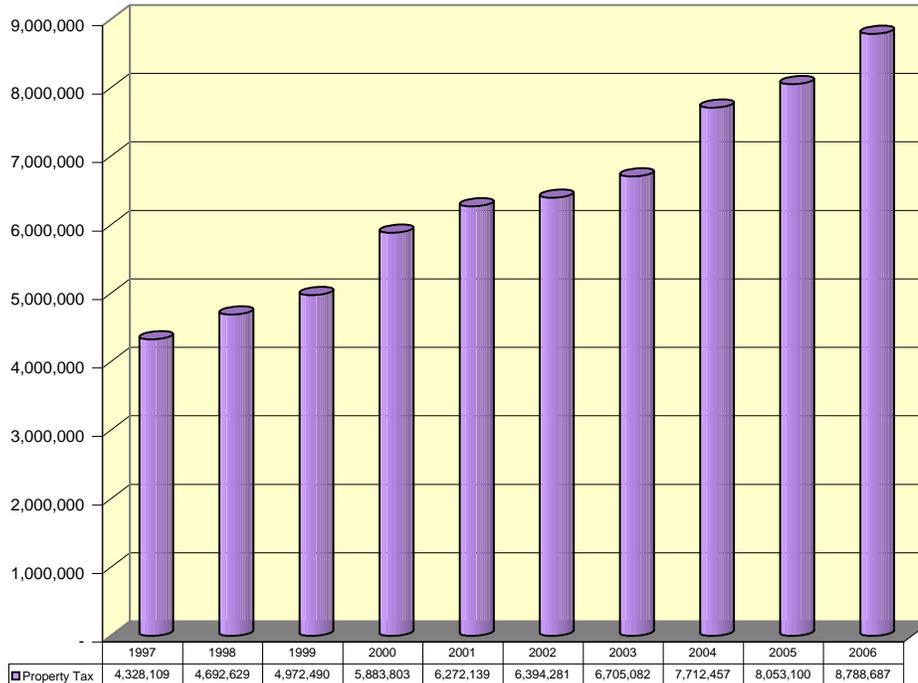
The second largest revenue source for the City is property tax, which comprises 8.83% of total revenues for governmental fund types. A 10 year summary of property tax is as follows:

| Fiscal Year | Property Tax Revenue | Percent of Increase (Decrease) from Previous Year | Total All Governmental Fund Types | Percent of Total Revenue |
|--------------------|-----------------------------|--|--|---------------------------------|
| 1997 | 4,328,109 | 5.59 | 56,008,649 | 7.73 |
| 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 |

* 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 9.13% over FY 2005.

**PROPERTY TAX REVENUE
FY 1997 TO FY 2006**



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 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.

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, 2005. This was the twenty-fourth 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, 2005

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



President

Executive Director

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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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INDEPENDENT AUDITORS' REPORT

To the City Council
The 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, 2006, 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.

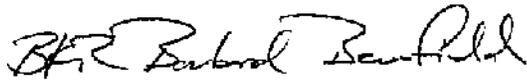
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2006, 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 13, 2007, 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, schedules for the modified approach, and the budgetary comparison information on pages 19 through 39, 69 through 84, and 91 through 108 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, 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 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 "BKR Borland Benefield". The signature is fluid and cursive, with the initials "BKR" being particularly prominent.

BKR Borland Benefield
Birmingham, Alabama
March 13, 2007

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, 2006. 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, 2006, by \$361,668,812. Of this amount, \$4,190,334 is restricted for special revenue funds, which by definition are legally restricted to certain uses, \$25,323,478 is restricted for ongoing capital projects, and \$33,294,028 may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$33,384,411 or 9.23%. A detailed explanation of this increase can be viewed on page 26 of this MD&A.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$68,855,101, an increase of \$2,335,018 in comparison with the prior year. Approximately \$42,798,098 of this total amount is available for spending at the government's discretion (unreserved fund balance).
- Total net assets for governmental activities increased by \$31,730,917, bringing the total to \$336,144,095 for fiscal year 2006.

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 68.

The City of Hoover maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, and the GOW capital projects fund, which are considered to be major funds. Data from the remaining fifteen 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 85).

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 one proprietary fund, the Sewer Enterprise Fund. The City of Hoover adopts an annual appropriated budget for this fund 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 51-68).

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 2006 represented the first complete re-assessment. More detailed information on this approach is available in the Notes to Required Supplementary Information, which begins on page 75.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets

The City's total assets on its Statement of Net Assets for fiscal year 2006 totaled \$495,216,568, of which \$455,090,966 or 91.90% was from governmental activities. While there was an increase of \$32,505,731 for assets in governmental activities, the percentage represented was relatively the same in comparison with fiscal year 2005, which was 91.50%. The majority of this large increase was due to roads and bridges that were added for infrastructure assets. New neighborhoods comprised most of the increase for roads, and two new bridges were added to the bridge inventory.

Business-type activities made up \$40,125,602 or 8.10% of total assets for fiscal year 2006. While there was an increase of \$847,724, likewise, the percentage represented was relatively the same in comparison with fiscal year 2005, which was 8.50%.

As shown in the summary below, noncurrent assets comprise 83.72% of total assets, which is a decrease from fiscal year 2005 where the percentage was 84.01%. For fiscal 2006, current assets comprised 16.01% of all assets, an increase from fiscal year 2005 where the percentage was 15.64%.

Breakdown of Assets - Statement of Net Assets - Actual

| Category | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| Current assets | \$ 70,757,458 | \$ 75,550,623 | \$ 1,483,296 | \$ 3,720,553 | \$ 72,240,754 | \$ 79,271,176 |
| Noncurrent assets: | | | | | | |
| Capital assets, net of depreciation | 350,413,149 | 378,369,258 | 37,588,464 | 36,212,572 | 388,001,613 | 414,581,829 |
| Other assets | 864,647 | 777,905 | 206,118 | 192,478 | 1,070,765 | 970,382 |
| Long-term receivables | 549,980 | 393,180 | - | - | 549,980 | 393,180 |
| Total noncurrent assets | <u>351,827,777</u> | <u>379,540,343</u> | <u>37,794,582</u> | <u>36,405,049</u> | <u>389,622,359</u> | <u>415,945,392</u> |
| Total Assets | <u>\$ 422,585,235</u> | <u>\$ 455,090,966</u> | <u>\$ 39,277,878</u> | <u>\$ 40,125,602</u> | <u>\$ 461,863,113</u> | <u>\$ 495,216,568</u> |

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

| Category | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| Current assets | 16.74% | 16.60% | 3.78% | 9.27% | 15.64% | 16.01% |
| Noncurrent assets: | | | | | | |
| Capital assets, net of depreciation | 82.92% | 83.14% | 95.70% | 90.25% | 84.01% | 83.72% |
| Other assets | 0.20% | 0.17% | 0.52% | 0.48% | 0.23% | 0.20% |
| Long-term receivables | 0.13% | 0.09% | 0.00% | 0.00% | 0.12% | 0.08% |
| Total noncurrent assets | <u>83.26%</u> | <u>83.40%</u> | <u>96.22%</u> | <u>90.73%</u> | <u>84.36%</u> | <u>83.99%</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 | |
|-------------------------------------|-------------------------|---------------|--------------------------|--------------|----------------|----------------|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| Current assets | 97.95% | 95.31% | 2.05% | 4.69% | 100.00% | 100.00% |
| Noncurrent assets: | | | | | | |
| Capital assets, net of depreciation | 90.31% | 91.27% | 9.69% | 8.73% | 100.00% | 100.00% |
| Other assets | 80.75% | 80.16% | 19.25% | 19.84% | 100.00% | 100.00% |
| Long-term receivables | 100.00% | 100.00% | 0.00% | 0.00% | 100.00% | 100.00% |
| Total noncurrent assets | <u>90.30%</u> | <u>91.25%</u> | <u>9.70%</u> | <u>8.75%</u> | <u>100.00%</u> | <u>100.00%</u> |
| Total Assets | <u>91.50%</u> | <u>91.90%</u> | <u>8.50%</u> | <u>8.10%</u> | <u>100.00%</u> | <u>100.00%</u> |

Liabilities

The City's total liabilities on its Statement of Net Assets totaled \$133,547,755 of which \$118,946,870 or 89.07% was from governmental activities. While there was an increase of \$774,815 for liabilities in governmental activities, the percentage represented was relatively the same in comparison with fiscal year 2005, which was 88.47%. The long-term compensated absences increased by \$2,819,453 due to a change in policy that took effect in fiscal year 2006.

Business-type activities made up \$14,600,885, or 10.93% of total liabilities for fiscal year 2006. While there was a decrease of \$805,772, likewise, the percentage represented was relatively the same in comparison with fiscal year 2005, which was 11.53%.

As shown in the summary below, long-term liabilities consisting of compensated absences, net bonds/warrants payable, and claims payable comprise 87.32% of total liabilities, with current liabilities comprising 12.68%. The percentage represented was a change from fiscal year 2005, which was 88.89% and 11.11% respectively.

Breakdown of Liabilities - Statement of Net Assets - Actual

| Category | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities | \$ 4,785,616 | \$ 6,751,016 | \$ 232,232 | \$ 154,586 | \$ 5,017,848 | \$ 6,905,602 |
| Interest payable | 387,816 | 378,258 | 71,235 | 64,496 | 459,051 | 442,754 |
| Deferred revenue and refundable deposits | 1,740 | 337,686 | - | - | 1,740 | 337,686 |
| Bonds and warrants payable | 4,585,000 | 4,670,000 | 730,000 | 760,000 | 5,315,000 | 5,430,000 |
| Compensated absences | 4,032,819 | 3,809,915 | 10,438 | 9,903 | 4,043,257 | 3,819,818 |
| Long-term liabilities: | | | | | | |
| Compensated absences | 2,203,776 | 5,023,229 | 2,752 | 11,900 | 2,206,528 | 5,035,129 |
| Bonds and warrants payable, net | 101,203,835 | 96,690,856 | 14,360,000 | 13,600,000 | 115,563,835 | 110,290,856 |
| Claims payable | 971,453 | 1,285,910 | - | - | 971,453 | 1,285,910 |
| Total Liabilities | <u>\$ 118,172,055</u> | <u>\$ 118,946,870</u> | <u>\$ 15,406,657</u> | <u>\$ 14,600,885</u> | <u>\$ 133,578,712</u> | <u>\$ 133,547,755</u> |

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

| Category | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities | 4.05% | 5.68% | 1.51% | 1.06% | 3.76% | 5.17% |
| Interest payable | 0.33% | 0.32% | 0.46% | 0.44% | 0.34% | 0.33% |
| Deferred revenue and refundable deposits | 0.00% | 0.28% | 0.00% | 0.00% | 0.00% | 0.25% |
| Bonds and warrants payable | 3.88% | 3.93% | 4.74% | 5.21% | 3.98% | 4.07% |
| Compensated absences | 3.41% | 3.20% | 0.07% | 0.07% | 3.03% | 2.86% |
| Long-term liabilities: | | | | | | |
| Compensated absences | 1.86% | 4.22% | 0.02% | 0.08% | 1.65% | 3.77% |
| Bonds and warrants payable, net | 85.64% | 81.29% | 93.21% | 93.15% | 86.51% | 82.59% |
| Claims payable | 0.82% | 1.08% | 0.00% | 0.00% | 0.73% | 0.96% |
| Total Liabilities | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

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

| Category | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities | 95.37% | 97.76% | 4.63% | 2.24% | 100.00% | 100.00% |
| Interest payable | 84.48% | 85.43% | 15.52% | 14.57% | 100.00% | 100.00% |
| Deferred revenue and refundable deposits | 100.00% | 100.00% | 0.00% | 0.00% | 100.00% | 100.00% |
| Bonds and warrants payable | 86.27% | 86.00% | 13.73% | 14.00% | 100.00% | 100.00% |
| Compensated absences | 99.74% | 99.74% | 0.26% | 0.26% | 100.00% | 100.00% |
| Long-term liabilities: | | | | | | |
| Compensated absences | 99.88% | 99.76% | 0.12% | 0.24% | 100.00% | 100.00% |
| Bonds and warrants payable, net | 87.57% | 87.67% | 12.43% | 12.33% | 100.00% | 100.00% |
| Claims payable | 100.00% | 100.00% | 0.00% | 0.00% | 100.00% | 100.00% |
| Total Liabilities | <u>88.47%</u> | <u>89.07%</u> | <u>11.53%</u> | <u>10.93%</u> | <u>100.00%</u> | <u>100.00%</u> |

Net Assets

The City's entity-wide net assets totaled \$361,668,812. Governmental activities comprised \$336,144,095 or 92.94% of the total net assets for fiscal year 2006. While there was an increase of \$31,730,915 for net assets in governmental activities, the percentage represented was relatively the same in comparison with fiscal year 2005, which was 92.73%.

Business-type activities made up \$25,524,717, or 7.06% of total net assets for fiscal year 2006. While there was an increase of \$1,653,495, likewise, the percentage represented was relatively the same in comparison with fiscal year 2005, which was 7.27%.

The largest portion of the City's assets is restricted. In particular, \$25,323,478, or 7.00% of net assets is restricted for capital projects, \$4,190,334, or 1.16% is restricted due to enabling legislation for special revenue funds, and \$298,860,973, or 82.63% 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 90.79% for fiscal year 2006, as compared with fiscal year 2005 at 91.01%.

At the same time, the City has \$33,294,028 or 9.21% of assets available in unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors. This increased by \$3,787,048 from fiscal year 2005 to fiscal year 2006.

Summary of Net Assets - Primary Government - Actual

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| Invested in capital assets, net of related debt | \$ 244,624,314 | \$ 277,008,402 | \$ 22,498,465 | \$ 21,852,572 | \$ 267,122,778 | \$ 298,860,973 |
| Restricted for capital projects | 31,654,643 | 25,323,478 | - | - | 31,654,643 | 25,323,478 |
| Restricted for special revenue funds | - | 4,190,334 | - | - | - | 4,190,334 |
| Unrestricted | 28,134,223 | 29,621,882 | 1,372,757 | 3,672,145 | 29,506,980 | 33,294,028 |
| Total net assets | <u>\$ 304,413,180</u> | <u>\$ 336,144,095</u> | <u>\$ 23,871,222</u> | <u>\$ 25,524,717</u> | <u>\$ 328,284,401</u> | <u>\$ 361,668,812</u> |

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| Invested in capital assets, net of related debt | 80.36% | 82.41% | 94.25% | 85.61% | 81.37% | 82.63% |
| Restricted for capital projects | 10.40% | 7.53% | 0.00% | 0.00% | 9.64% | 7.00% |
| Restricted for special revenue funds | 0.00% | 1.25% | 0.00% | 0.00% | 0.00% | 1.16% |
| Unrestricted | 9.24% | 8.81% | 5.75% | 14.39% | 8.99% | 9.21% |
| 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 | |
|---|-------------------------|---------------|--------------------------|--------------|----------------|----------------|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| Invested in capital assets, net of related debt | 91.58% | 92.69% | 8.42% | 7.31% | 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 | 0.00% | 100.00% | 0.00% | 0.00% | 0.00% | 100.00% |
| Unrestricted | 95.35% | 88.97% | 4.65% | 11.03% | 100.00% | 100.00% |
| Total net assets | <u>92.73%</u> | <u>92.94%</u> | <u>7.27%</u> | <u>7.06%</u> | <u>100.00%</u> | <u>100.00%</u> |

As mentioned above, the largest portion of the City's net assets (82.63%) 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

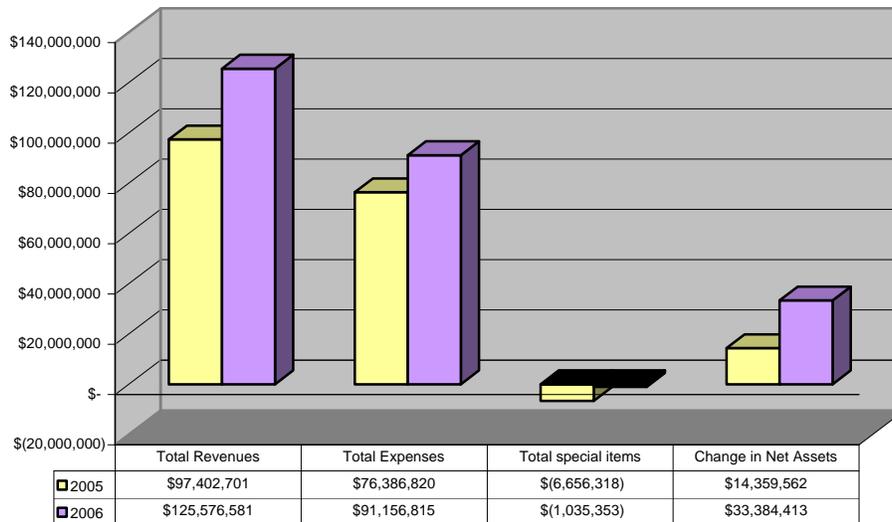
The Statement of Activities includes governmental activities and business-type activities. The total change in net assets for the fiscal year ended 2006 was \$33,384,413 compared with the fiscal year ended 2005 change in net assets of \$14,359,562. A large part of this increase is attributable to roads that were added to capital assets after the first complete re-assessment was completed for fiscal year 2006.

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

| Category | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|-----------------------|--------------------------|---------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| CHANGE IN NET ASSETS AS OF SEPTEMBER 30 | | | | | | |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 13,220,401 | \$ 15,347,393 | \$ 4,336,371 | \$ 5,267,445 | \$ 17,556,772 | \$ 20,614,838 |
| Operating grants and contributions | 3,238,564 | 2,401,585 | - | - | 3,238,564 | 2,401,585 |
| Capital grants and contributions | 234,974 | 103,719 | 5,200 | - | 240,174 | 103,719 |
| General Revenues: | | | | | | |
| Sales and use taxes | 56,449,217 | 59,153,632 | - | - | 56,449,217 | 59,153,632 |
| Property taxes | 8,053,100 | 8,788,687 | - | - | 8,053,100 | 8,788,687 |
| Other taxes | 6,642,054 | 7,680,890 | - | - | 6,642,054 | 7,680,890 |
| Intergovernmental revenue not restricted | 2,398,968 | 2,842,123 | - | - | 2,398,968 | 2,842,123 |
| Unrestricted investment income | 1,971,416 | 2,484,355 | - | - | 1,971,416 | 2,484,355 |
| Rents and royalties | - | 7,973 | - | - | - | 7,973 |
| Contribution of capital assets | 525,535 | 20,913,209 | - | - | 525,535 | 20,913,209 |
| Gain on sale of disposed equipment | 4,986 | 282,527 | - | - | 4,986 | 282,527 |
| Other revenue | 321,894 | 303,041 | 21 | - | 321,915 | 303,041 |
| Total Revenues | <u>\$ 93,061,109</u> | <u>\$ 120,309,136</u> | <u>\$ 4,341,592</u> | <u>\$ 5,267,445</u> | <u>\$ 97,402,701</u> | <u>\$ 125,576,581</u> |
| EXPENSES | | | | | | |
| Program Activities: | | | | | | |
| General government | \$ 9,805,408 | \$ 11,194,315 | \$ - | \$ - | \$ 9,805,408 | \$ 11,194,315 |
| Public safety | 35,433,552 | 40,463,403 | - | - | 35,433,552 | 40,463,403 |
| Library | 4,615,218 | 5,016,881 | - | - | 4,615,218 | 5,016,881 |
| Municipal court | 930,830 | 1,188,252 | - | - | 930,830 | 1,188,252 |
| Sanitation | 4,530,331 | 4,803,993 | - | - | 4,530,331 | 4,803,993 |
| Education | 1,895,404 | 7,100,000 | - | - | 1,895,404 | 7,100,000 |
| Highway and roadway improvements | 5,175,085 | 5,436,669 | - | - | 5,175,085 | 5,436,669 |
| Recreation services | 6,321,075 | 7,321,789 | - | - | 6,321,075 | 7,321,789 |
| Health | 227,382 | 253,155 | - | - | 227,382 | 253,155 |
| Interest and fiscal charges | 4,227,036 | 4,764,408 | - | - | 4,227,036 | 4,764,408 |
| Sewer services | - | - | 3,225,498 | 3,613,950 | 3,225,498 | 3,613,950 |
| Total Expenses | <u>\$ 73,161,322</u> | <u>\$ 87,542,865</u> | <u>\$ 3,225,498</u> | <u>\$ 3,613,950</u> | <u>\$ 76,386,820</u> | <u>\$ 91,156,815</u> |
| Excess (deficiency) before special items | 19,899,787 | 32,766,271 | 1,116,094 | 1,653,495 | 21,015,881 | 34,419,766 |
| SPECIAL ITEMS | | | | | | |
| Gain on sale of park land | \$ 290,728 | \$ 422,950 | \$ - | \$ - | \$ 290,728 | \$ 422,950 |
| Conference center construction grant | (6,000,000) | - | - | - | (6,000,000) | - |
| Revenue rebate to developer | (947,046) | (1,458,303) | - | - | (947,046) | (1,458,303) |
| Total special items | <u>\$ (6,656,318)</u> | <u>\$ (1,035,353)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (6,656,318)</u> | <u>\$ (1,035,353)</u> |
| CHANGE IN NET ASSETS | <u>\$ 13,243,468</u> | <u>\$ 31,730,917</u> | <u>\$ 1,116,093</u> | <u>\$ 1,653,495</u> | <u>\$ 14,359,562</u> | <u>\$ 33,384,413</u> |

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

**COMPARISON OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
ALL ACTIVITIES
FY 2005 AND FY 2006**



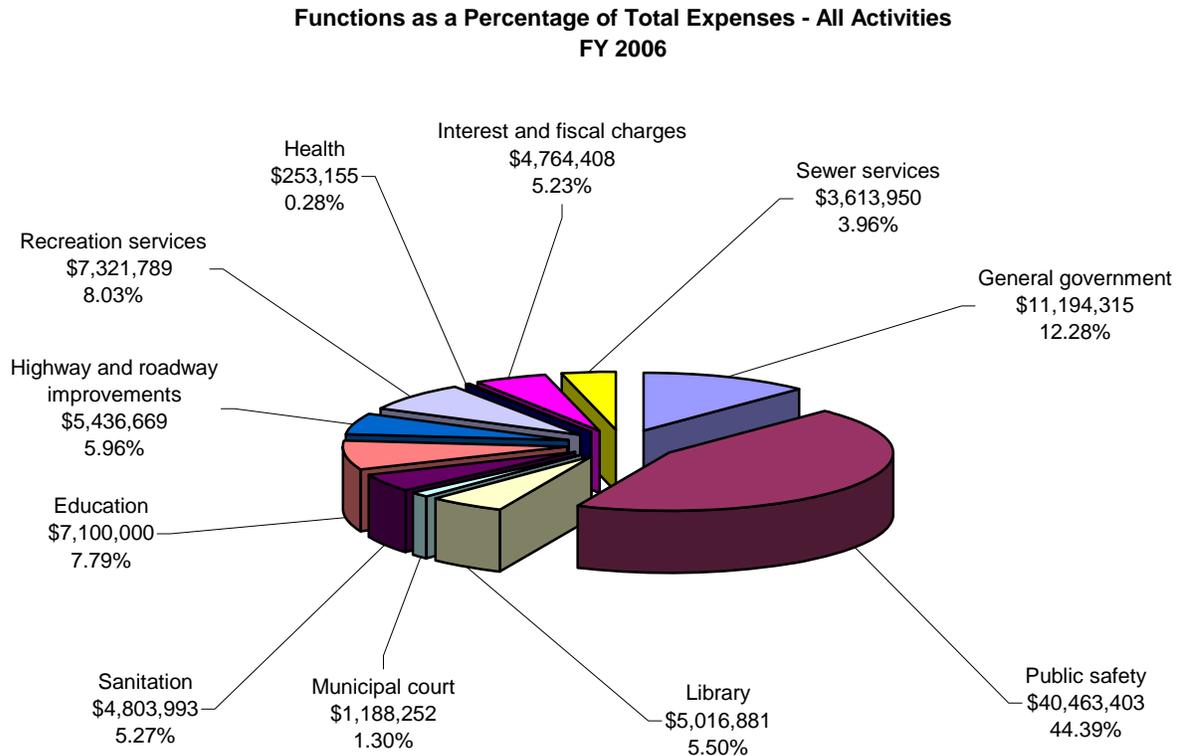
As shown below, overall, from FY 2005 to FY 2006 there was a large change in total revenues. Again, most of this increase is attributed to the roadways that developers had constructed and were turned over to the City to maintain in the prior three-year period related to the modified approach for infrastructure reporting. Likewise, total expenses also increased substantially from 2005 to 2006. This resulted from an increase in the contribution to the school system and increases in public safety operating costs, as well as a new police operations center.

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

| Category | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | 14.21% | 12.76% | 99.88% | 100.00% | 18.02% | 16.42% |
| Operating grants and contributions | 3.48% | 2.00% | 0.00% | 0.00% | 3.32% | 1.91% |
| Capital grants and contributions | 0.25% | 0.09% | 0.12% | 0.00% | 0.25% | 0.08% |
| General Revenues: | | | | | | |
| Sales and use taxes | 60.66% | 49.17% | 0.00% | 0.00% | 57.95% | 47.11% |
| Property taxes | 8.65% | 7.31% | 0.00% | 0.00% | 8.27% | 7.00% |
| Other taxes | 7.14% | 6.38% | 0.00% | 0.00% | 6.82% | 6.12% |
| Intergovernmental revenue not restricted | 2.58% | 2.36% | 0.00% | 0.00% | 2.46% | 2.26% |
| Unrestricted investment income | 2.12% | 2.06% | 0.00% | 0.00% | 2.02% | 1.98% |
| Rents and royalties | 0.00% | 0.01% | 0.00% | 0.00% | 0.00% | 0.01% |
| Contribution of capital assets | 0.56% | 17.38% | 0.00% | 0.00% | 0.54% | 16.65% |
| Gain on sale of disposed equipment | 0.01% | 0.23% | 0.00% | 0.00% | 0.01% | 0.22% |
| Other revenue | 0.35% | 0.25% | 0.00% | 0.00% | 0.33% | 0.24% |
| Total Revenues | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| EXPENSES | | | | | | |
| Program Activities: | | | | | | |
| General government | 13.40% | 12.79% | 0.00% | 0.00% | 12.84% | 12.28% |
| Public safety | 48.43% | 46.22% | 0.00% | 0.00% | 46.39% | 44.39% |
| Library | 6.31% | 5.73% | 0.00% | 0.00% | 6.04% | 5.50% |
| Municipal court | 1.27% | 1.36% | 0.00% | 0.00% | 1.22% | 1.30% |
| Sanitation | 6.19% | 5.49% | 0.00% | 0.00% | 5.93% | 5.27% |
| Education | 2.59% | 8.11% | 0.00% | 0.00% | 2.48% | 7.79% |
| Highway and roadway improvements | 7.07% | 6.21% | 0.00% | 0.00% | 6.77% | 5.96% |
| Recreation services | 8.64% | 8.36% | 0.00% | 0.00% | 8.28% | 8.03% |
| Health | 0.31% | 0.29% | 0.00% | 0.00% | 0.30% | 0.28% |
| Interest and fiscal charges | 5.78% | 5.44% | 0.00% | 0.00% | 5.53% | 5.23% |
| Sewer services | 0.00% | 0.00% | 100.00% | 100.00% | 4.22% | 3.96% |
| Total Expenses | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| SPECIAL ITEMS | | | | | | |
| Gain on sale of park land | -4.37% | -40.85% | 0.00% | 0.00% | -4.37% | -40.85% |
| Conference center construction grant | 90.14% | 0.00% | 0.00% | 0.00% | 90.14% | 0.00% |
| Revenue rebate to developer | 14.23% | 140.85% | 0.00% | 0.00% | 14.23% | 140.85% |
| Total special items | 100.00% | 100.00% | 0.00% | 0.00% | 100.00% | 100.00% |
| CHANGE IN NET ASSETS | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

Expenses

Public safety activities, which include Dispatch, Police, Fire, and Inspections, accounted for 44.39% of the total expenses on the Statement of Activities. After the general government category that represented 12.28% of expenses, recreation services, which consist of park maintenance and the parks and recreation department, comprised 8.03% of expenses. Next, education expenses comprised a higher percentage than the previous year at 7.79%. After that, highway and roadway expenses at 5.96%, library at 5.50%, sanitation at 5.27%, and interest and fiscal charges at 5.23% followed.



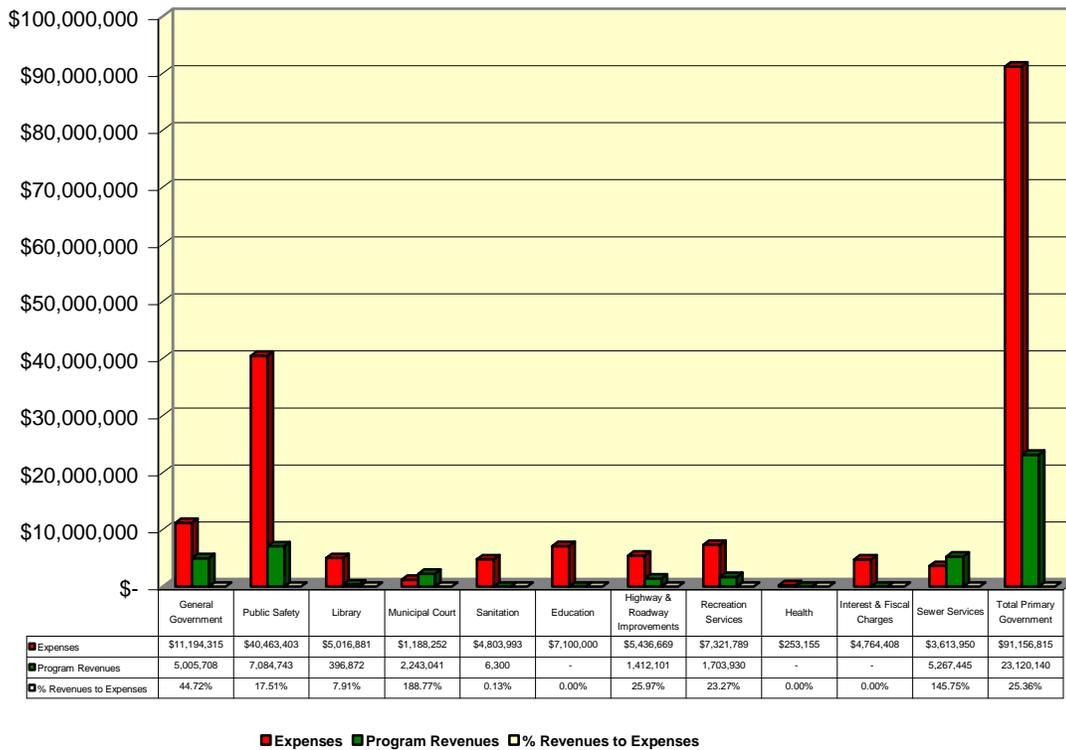
The chart above illustrates the entire expense breakdown by function and corresponding percentage for fiscal year 2006. The largest change in % breakdown over FY 2005 was for the Education category. The City increased its contribution to the school system to \$7,100,000 in fiscal year 2006, up from \$1,895,404 in fiscal year 2005.

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 \$7,084,743. The majority of this program revenue comes from inspections, which comprises \$4,205,409 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 2006



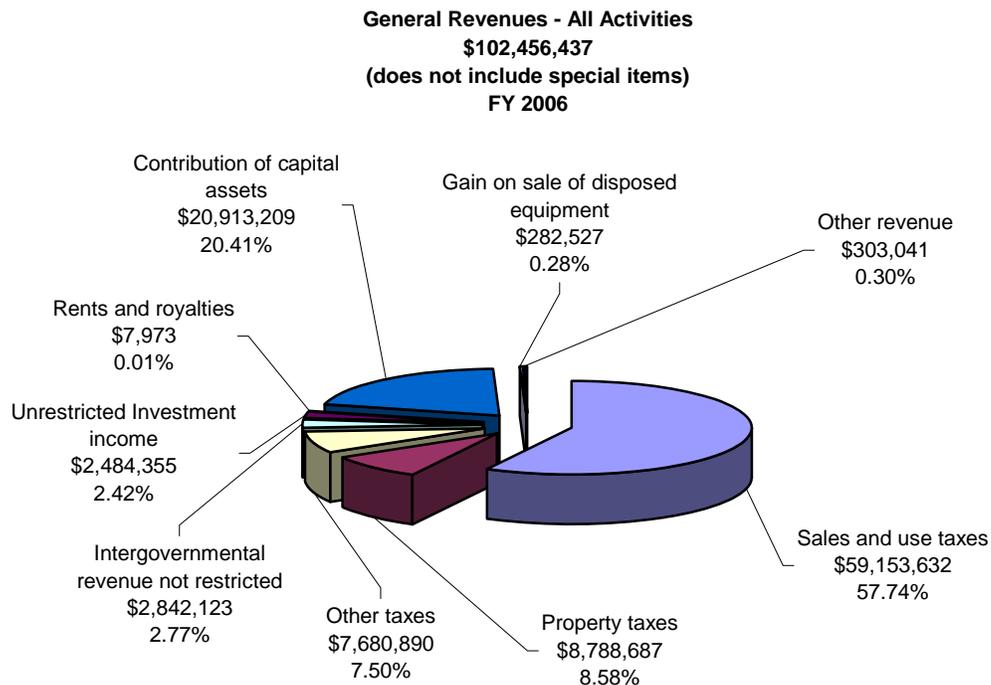
In addition, Municipal Court and Sewer Services are the only programs that take in more revenue than they had expenses. For fiscal year 2006, Municipal Court had expenses totaling \$1,188,252 and program revenues totaling \$2,243,041, which represented 188.77% of revenues to expenses. It is important to note that the Municipal Court department is classified as a special revenue fund. However, \$1,273,038 of the revenue, fines and bond forfeitures, does go into the General Fund to help defray the cost of operating the jail. The balance, \$970,003, is accounted for in four special revenue funds as required by state law: 1) Court Correction Fund, 2) Court Training Fund, 3) Traffic Safety, and 4) Court Referral Officer Fund.

Sewer Service expenses for fiscal year 2006 totaled \$3,613,950 and program revenues totaled \$5,267,445, which represented 145.75% of revenues to expenses. However, some major capital initiatives are in the planning process for the sewer system in the future.

General Revenues

As a whole, primary government programs offset 25.36% of their total expenses (\$91,156,815) from program revenue (\$23,120,140). The balance of these programs is funded through general revenues that totaled \$102,456,437, before special items.

Sales and use tax encompass the overwhelming percentage of general revenues, making up \$59,153,632 of them, which is 57.74% of total general revenues. Normally, the second largest category that contributes to general revenues is property tax, which comprised \$8,788,687 or 8.58% of total revenues. Instead, contribution of capital assets took second place in FY 2006 with \$20,913,209, or 20.41%. Several items made up these contributions, with the majority being from roads dedicated to the City by developers, which totaled \$14,730,335. This number was higher this fiscal year since it was the first re-assessment of all roads under the modified approach to reporting infrastructure. Other items comprising contribution of capital assets included \$2,000,000 for two new bridges constructed by developers, and various donated land or improvements for fire stations and parks, \$4,182,874.



Special Items

The City had two special items during the fiscal year ended 2006. One, the City received \$1,209,000 from proceeds on the sale of park land that was sold to Jefferson State Community College. As shown on the statement of activities, this resulted in a gain on the sale of park land of \$422,950. Two, 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. For fiscal year 2006, the amount rebated was \$1,458,303. These two items were netted with the general revenues on the statement of activities for a reduction of \$1,035,353.

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 \$33,384,413 for the primary government. As a result, the net assets at the end of the year totaled \$361,668,812 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.

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 2006.

| | 2006 Governmental Funds | | | | |
|---|------------------------------------|-----------------------|---------------------------|--------------------------|--------------------------|
| | General Fund | Capital Projects Fund | GOW Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
| Total revenues | \$ 93,930,433 | \$ 318,170 | \$ 381,870 | \$ 4,871,361 | \$ 99,501,833 |
| Total expenditures | 81,764,080 | 5,666,681 | 4,615,913 | 4,870,837 | 96,917,512 |
| Total other financing sources (uses) | (10,139,186) | 8,743,356 | - | 1,395,830 | - |
| Total special items | (1,458,303) | 1,209,000 | - | - | (249,303) |
| Net change in fund balances | 568,863 | 4,603,844 | (4,234,043) | 1,396,354 | 2,335,018 |
| Fund balances, beginning of year | 30,431,137 | 22,610,384 | 9,044,259 | 4,434,302 | 66,520,082 |
| Fund balances, end of year | \$ 31,000,000 | \$ 27,214,228 | \$ 4,810,216 | \$ 5,830,657 | \$ 68,855,101 |
| Percent of fund balance to expenditures | 37.91% | 480.25% | 104.21% | 119.71% | 71.05% |

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, 2006, the City of Hoover's governmental funds reported combined ending fund balances of \$68,855,101. Approximately \$42,798,098 or 62.16% 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 \$26,057,003.

In fiscal year 2005, the combined governmental ending fund balances were \$66,520,082. The total end of the year fund balances increased by \$2,335,018 from fiscal 2005 to fiscal 2006. The city council approved a retroactive amendment, which authorized any fund balance in the general fund above \$31 million at the end of fiscal year 2006 to be transferred to the capital projects fund. Thus, most of the increase in end of the year fund balances was in the capital projects fund as a result of this resolution.

General Fund

The general fund is the chief operating fund for the City of Hoover. As of September 30, 2006, the total fund balance of the general fund was \$31,000,000 as compared with September 30, 2005 where it was \$30,431,137, an increase of \$568,863, or 1.87%. The end of the year fund balance for fiscal year 2006 represents approximately 37.91% 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, 2006, the total ending fund balance for the capital projects fund and the GOW capital projects fund was \$27,214,228 and \$4,810,216, respectively. Together, these two funds have a combined 2006 fiscal year end fund balance of \$32,024,444, which is slightly up from 2005's number of \$31,654,643. 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 from the beginning of year to the end of the year.

The City does have several ongoing projects and commitments that are to be funded from this fund and 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 \$23,683,155 and is reserved fund balance. The balance, \$8,341,289 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 reduction of budgetary fund balance in the amount of \$85,461. As shown below, budgeted revenues increased by \$5,412,755, or 6.12% 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 \$100,000, while the final budgeted transfer was \$8,806,215. The balance of funding for the transfer to the capital projects fund was from a reduction in the expenditure budget, which is discussed next.

In addition, the total expenditure budget decreased by \$3,038,701, or 3.58%. 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 | \$ 72,701,350 | \$ 75,548,497 | \$ 2,847,147 | 3.92 % |
| Licenses and permits | 8,535,150 | 9,265,388 | 730,238 | 8.56 |
| Intergovernmental | 2,019,420 | 2,518,539 | 499,119 | 24.72 |
| Fines and forfeits | 1,085,000 | 1,085,000 | - | 0.00 |
| Investment income | 1,700,100 | 2,098,224 | 398,124 | 23.42 |
| Rents and royalties | 387,200 | 543,304 | 156,104 | 40.32 |
| Contributions and reimbursements | 538,000 | 661,500 | 123,500 | 22.96 |
| Charges for services | 1,335,800 | 1,434,035 | 98,235 | 7.35 |
| Other | 130,000 | 690,288 | 560,288 | 430.99 |
| Total revenues | <u>88,432,020</u> | <u>93,844,775</u> | <u>5,412,755</u> | 6.12 % |
| Expenditures | | | | |
| Current operations | | | | |
| General government | 11,254,634 | 9,684,535 | (1,570,099) | -13.95 % |
| Public safety | 36,834,297 | 35,245,506 | (1,588,791) | -4.31 |
| Library | 4,861,990 | 4,757,465 | (104,525) | -2.15 |
| Municipal court | 111,897 | 119,307 | 7,410 | 6.62 |
| Sanitation | 4,847,228 | 4,803,994 | (43,234) | -0.89 |
| Education | 7,100,000 | 7,100,000 | - | 0.00 |
| Highway and roadway improvements | 3,671,570 | 3,652,898 | (18,672) | -0.51 |
| Recreation services | 5,823,996 | 6,030,408 | 206,412 | 3.54 |
| Health | 253,602 | 239,937 | (13,665) | -5.39 |
| Total | <u>74,759,214</u> | <u>71,634,050</u> | <u>(3,125,164)</u> | -4.18 % |
| Capital outlays | 969,586 | 1,056,049 | 86,463 | 8.92 % |
| Debt service | | | | |
| Principal | 4,585,000 | 4,585,000 | - | 0.00 % |
| Interest | 4,613,048 | 4,613,048 | - | 0.00 |
| Fiscal agent fees | 6,500 | 6,500 | - | 0.00 |
| Bond issuance costs | - | - | - | - |
| Total expenditures | <u>84,933,348</u> | <u>81,894,647</u> | <u>(3,038,701)</u> | -3.58 % |
| Excess (deficiency) of revenues over (under) expenditures | 3,498,672 | 11,950,128 | 8,451,456 | 2.42 |
| Other financing sources (uses) | | | | |
| Transfers in | 18,813,451 | 17,720,218 | (1,093,233) | -0.06 |
| Transfers out | (20,951,942) | (28,199,652) | (7,247,710) | 0.35 |
| Capital portion of refunding bonds issued | - | - | - | 0.00 |
| Refunding bonds issued | - | - | - | 0.00 |
| Premium on bonds issued | - | - | - | 0.00 |
| Payment to refund bond escrow agent | - | - | - | 0.00 |
| Discount on refunding bonds issued | - | - | - | 0.00 |
| Total other financing sources (uses) | <u>(2,138,491)</u> | <u>(10,479,434)</u> | <u>(8,340,943)</u> | 3.90 |
| Special items | | | | |
| Proceeds from sale of park land | - | - | - | 0.00 |
| Conference center construction grant | - | - | - | 0.00 |
| Revenue rebate to developer | (1,262,329) | (1,458,303) | (195,974) | 0.16 |
| Total special items | <u>(1,262,329)</u> | <u>(1,458,303)</u> | <u>(195,974)</u> | 0.16 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ 97,852</u> | <u>\$ 12,391</u> | <u>\$ (85,461)</u> | -0.87 % |

In terms of budget to actual, the graph below shows the percentage difference by function for each category. Revenues came in at \$85,658 more than projected. The reason this is such a small amount is because the City Council approved an amendment at the end of the year to move surplus funds to the capital projects fund. This required amending the budget for all revenue and expenditures accounts.

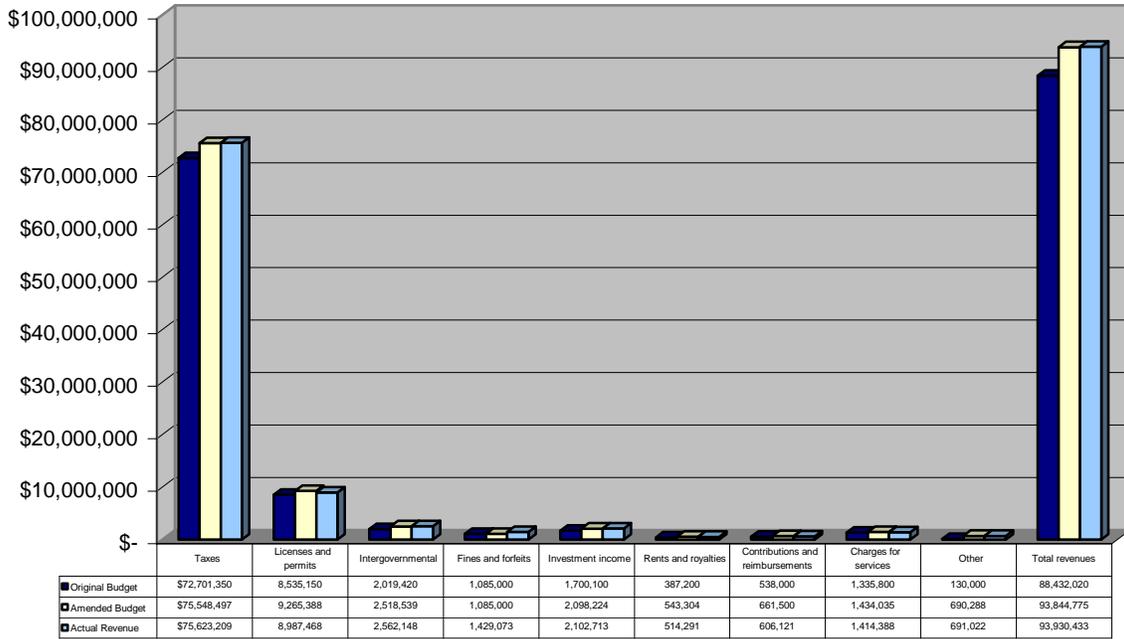
For expenditures, the total expenditures were only \$130,567 less than the amended budget. As mentioned previously, an amendment was done that moved a great deal of surplus to the capital projects fund to finance future capital projects. In addition to revenue surplus, part of this surplus came from 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 | \$ 72,701,350 | \$ 75,548,497 | \$ 75,623,209 | \$ 74,712 | 0.10 % |
| Licenses and permits | 8,535,150 | 9,265,388 | 8,987,468 | (277,920) | -3.00 |
| Intergovernmental | 2,019,420 | 2,518,539 | 2,562,148 | 43,609 | 1.73 |
| Fines and forfeits | 1,085,000 | 1,085,000 | 1,429,073 | 344,073 | 31.71 |
| Investment income | 1,700,100 | 2,098,224 | 2,102,713 | 4,489 | 0.21 |
| Rents and royalties | 387,200 | 543,304 | 514,291 | (29,013) | -5.34 |
| Contributions and reimbursements | 538,000 | 661,500 | 606,121 | (55,379) | -8.37 |
| Charges for services | 1,335,800 | 1,434,035 | 1,414,388 | (19,647) | -1.37 |
| Other | 130,000 | 690,288 | 691,022 | 734 | 0.11 |
| Total revenues | 88,432,020 | 93,844,775 | 93,930,433 | 85,658 | 0.09 % |
| Expenditures | | | | | |
| Current operations | | | | | |
| General government | 11,254,634 | 9,685,783 | 9,664,324 | 21,459 | 0.22 % |
| Public safety | 36,834,297 | 35,245,506 | 35,243,354 | 2,152 | 0.01 |
| Library | 4,861,990 | 4,757,465 | 4,756,851 | 614 | 0.01 |
| Municipal court | 111,897 | 119,307 | 119,303 | 4 | 0.00 |
| Sanitation | 4,847,228 | 4,803,994 | 4,803,993 | 1 | 0.00 |
| Education | 7,100,000 | 7,100,000 | 7,100,000 | - | 0.00 |
| Highway & roadway improvements | 3,671,570 | 3,652,898 | 3,652,630 | 268 | 0.01 |
| Recreation services | 5,823,996 | 6,029,160 | 6,011,928 | 17,232 | 0.29 |
| Health | 253,602 | 239,937 | 239,925 | 12 | 0.01 |
| Total | 74,759,214 | 71,634,050 | 71,592,306 | 41,743 | 0.06 % |
| Capital outlays | 969,586 | 1,056,049 | 969,829 | 86,220 | 8.16 % |
| Debt service | | | | | |
| Principal | 4,585,000 | 4,585,000 | 4,585,000 | - | 0.00 % |
| Interest | 4,613,048 | 4,613,048 | 4,613,046 | 2 | 0.00 |
| Fiscal agent fees | 6,500 | 6,500 | 3,899 | 2,601 | 40.02 |
| Bond issuance costs | - | - | - | - | 0.00 |
| Total expenditures | 84,933,348 | 81,894,647 | 81,764,080 | 130,566 | 0.16 % |
| Excess (deficiency) of revenues over (under) expenditures | 3,498,672 | 11,950,128 | 12,166,352 | 216,224 | 1.81 |

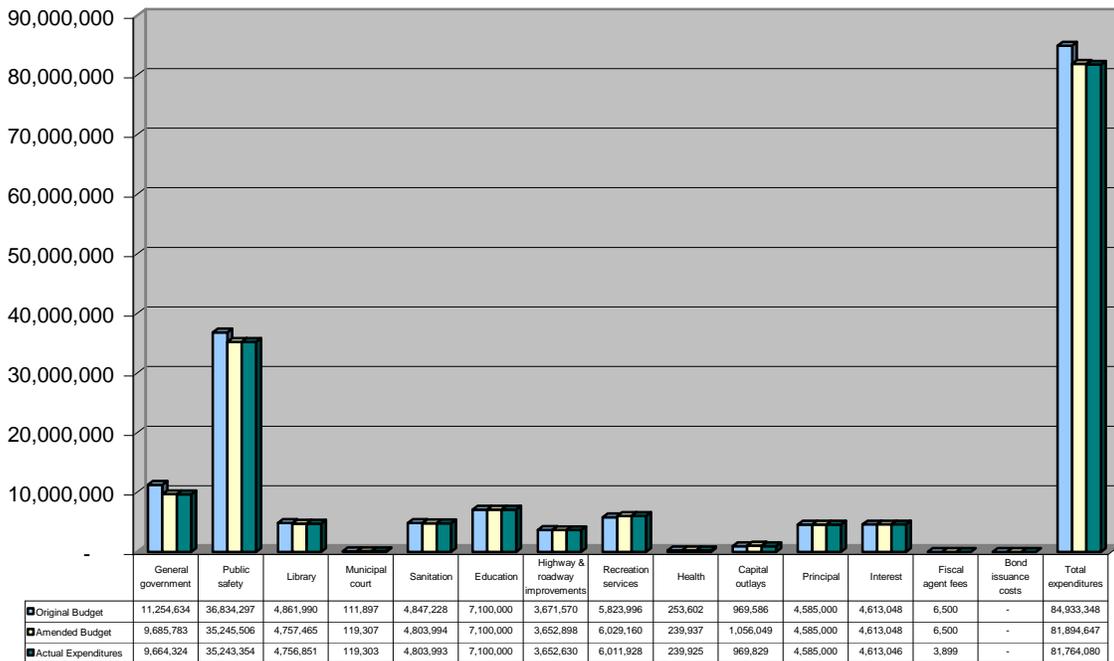
In comparing the original budget with actual, revenues exceeded the original budget by \$5,498,413. The City budgets conservatively with the goal of amending the budget if additional revenues come forth. Also, expenditures were \$3,169,268 less than the original budget. Most of this surplus, \$2,730,654, came from salary and benefits. This was due to either 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 2006.

GENERAL FUND BUDGET - REVENUES
COMPARISON OF ORIGINAL BUDGET, AMENDED BUDGET, AND ACTUAL REVENUE
FY 2006



GENERAL FUND BUDGET - EXPENDITURES
COMPARISON OF ORIGINAL BUDGET, AMENDED BUDGET, AND ACTUAL EXPENDITURES
FY 2006



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, 2006, amounts to \$414,581,829 (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.

At September 30, 2005, the City's investment in capital assets was \$388,001,613. The City had \$26,580,216 in additions net of accumulated depreciation. The majority of these new additions resulted from the first complete re-assessment and inventory of our streets. We also added two new bridges that developers constructed to our bridge inventory. In addition, some of this increase was related to construction in progress by the city on several projects, including improvements to our existing Hoover Metropolitan baseball stadium, a new senior center, and a newly renovated police operations center. Because this number represents a net increase, there were also some decreases to our capital assets, including land that we sold, which is shown as a special item and vehicles that we auctioned.

Please refer to the Notes to the Financial Statements section on pages 58-60 for more detail on capital asset activity.

The City added streets and bridges infrastructure to its capital assets by using the modified approach as allowed by GASB and defined in Statement No. 34. Fiscal year 2006 was the first year that a complete inventory and assessment had to be redone. The City hired a different outside consultant to inventory, rate, and value its streets and bridges for the first time. 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 334.20 miles of street inventoried, only 4.82 miles fell below the minimum threshold. These roads have been identified to be addressed in the fiscal year 2007 budget.

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 69, for more detail on this modified approach to infrastructure reporting.

Business-type activities had only one addition to its assets for a total of \$300,433. Most of this was related to construction in progress for engineering on future improvements to the Riverchase sewer system. The net change with accumulated depreciation for the sewer system assets was (\$1,375,893).

Debt Administration

As of the fiscal year end, the City of Hoover had \$103,915,000 of governmental debt and \$14,360,000 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 \$274,875,039, which is significantly in excess of the City of Hoover's outstanding general obligation debt by \$170,960,039. 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. 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 2006 was 2.2%, which is favorable compared to the State of Alabama and nationally.

Overall, the City is vibrant and growing. The City has been fortunate to be able to maintain steady growth, while much of the nation has not been so fortunate. Fiscal year 2006 was a great year for the City's finances. Many capital projects were begun, some of which will be completed in fiscal year 2007. Similar expectations are felt for 2007. This new reporting format will help in future years to measure year by year just how well the City is doing compared to previous years.

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, 2006

| | Primary Government | | Total |
|--|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | |
| Assets | | | |
| Current assets | | | |
| Pooled cash and investments | \$ 67,190,447 | \$ 3,301,493 | \$ 70,491,940 |
| Receivables: | | | |
| Taxes | 6,152,329 | - | 6,152,329 |
| Accounts | 1,669,097 | 419,060 | 2,088,157 |
| Due from other governments | 198,405 | - | 198,405 |
| Internal balances | - | - | - |
| Inventories | 114,674 | - | 114,674 |
| Prepaid items | 225,671 | - | 225,671 |
| Total current assets | <u>75,550,623</u> | <u>3,720,553</u> | <u>79,271,176</u> |
| Noncurrent assets | | | |
| Capital assets | | | |
| Depreciable: | | | |
| Buildings/improvements to buildings | 73,664,417 | 26,626,760 | 100,291,177 |
| Equipment and vehicles | 23,185,208 | 590,512 | 23,775,720 |
| Improvements o/t buildings | 16,984,281 | 3,721,900 | 20,706,181 |
| Other infrastructure | 3,958,268 | 23,673,367 | 27,631,635 |
| Accumulated depreciation | (31,804,635) | (20,430,677) | (52,235,312) |
| Non-depreciable: | | | |
| Land | 30,215,306 | 1,670,000 | 31,885,306 |
| Streets and bridges | 246,548,965 | - | 246,548,965 |
| Construction in progress - street inventory | 4,256,966 | | |
| Construction in progress - city paid roads | 928,719 | - | 928,719 |
| Construction in progress - other | 10,431,764 | 360,710 | 10,792,474 |
| Total capital assets, net of depreciation | <u>378,369,258</u> | <u>36,212,572</u> | <u>414,581,829</u> |
| Other assets | 777,905 | 192,478 | 970,382 |
| Long-term receivables | 393,180 | - | 393,180 |
| Total noncurrent assets | <u>379,540,343</u> | <u>36,405,049</u> | <u>415,945,392</u> |
| Total assets | <u>\$ 455,090,966</u> | <u>\$ 40,125,602</u> | <u>\$ 495,216,568</u> |
| Liabilities | | | |
| Current liabilities payable from current assets | | | |
| Accounts payable and accrued liabilities | \$ 6,751,016 | \$ 154,586 | \$ 6,905,602 |
| Interest payable | 378,258 | 64,496 | 442,754 |
| Deferred revenue | 335,946 | - | 335,946 |
| Refundable deposits | 1,740 | - | 1,740 |
| Current maturities of long-term liabilities: | | | |
| Bonds and warrants payable | 4,670,000 | 760,000 | 5,430,000 |
| Compensated absences | 3,809,915 | 9,903 | 3,819,818 |
| Total current liabilities | <u>15,946,875</u> | <u>988,986</u> | <u>16,935,860</u> |
| Long-term liabilities | | | |
| Compensated absences | 5,023,229 | 11,900 | 5,035,129 |
| Bonds and warrants payable, net | 96,690,856 | 13,600,000 | 110,290,856 |
| Claims payable | 1,285,910 | - | 1,285,910 |
| Total noncurrent liabilities | <u>102,999,995</u> | <u>13,611,900</u> | <u>116,611,895</u> |
| Total liabilities | <u>118,946,870</u> | <u>14,600,885</u> | <u>133,547,755</u> |
| Net assets | | | |
| Invested in capital assets, net of related debt | 277,008,402 | 21,852,572 | 298,860,973 |
| Restricted for capital projects | 25,323,478 | - | 25,323,478 |
| Restricted for special revenue funds | 4,190,334 | - | 4,190,334 |
| Unrestricted | 29,621,882 | 3,672,145 | 33,294,028 |
| Total net assets | <u>\$ 336,144,095</u> | <u>\$ 25,524,717</u> | <u>\$ 361,668,812</u> |

THE CITY OF HOOVER, ALABAMA
Statement of Activities
For the year ended September 30, 2006

| 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 | \$ 11,194,315 | \$ 4,946,810 | \$ 58,898 | \$ - | \$ (6,188,607) | \$ - | \$ (6,188,607) |
| Public safety | 40,463,403 | 6,510,590 | 574,153 | - | (33,378,660) | - | (33,378,660) |
| Library | 5,016,881 | 273,053 | 123,819 | - | (4,620,009) | - | (4,620,009) |
| Municipal court | 1,188,252 | 2,213,768 | 29,273 | - | 1,054,789 | - | 1,054,789 |
| Sanitation | 4,803,993 | 6,300 | - | - | (4,797,693) | - | (4,797,693) |
| Education | 7,100,000 | - | - | - | (7,100,000) | - | (7,100,000) |
| Highway and roadway improvements | 5,436,669 | 40,095 | 1,268,288 | 103,719 | (4,024,568) | - | (4,024,568) |
| Recreation services | 7,321,789 | 1,356,777 | 347,154 | - | (5,617,858) | - | (5,617,858) |
| Health | 253,155 | - | - | - | (253,155) | - | (253,155) |
| Interest and fiscal charges | 4,764,408 | - | - | - | (4,764,408) | - | (4,764,408) |
| Total governmental activities | <u>87,542,865</u> | <u>15,347,393</u> | <u>2,401,585</u> | <u>103,719</u> | <u>(69,690,169)</u> | <u>-</u> | <u>(69,690,169)</u> |
| Business-type activities | | | | | | | |
| Sewer services | 3,613,950 | 5,267,445 | - | - | - | 1,653,495 | 1,653,495 |
| Total business-type activities | <u>3,613,950</u> | <u>5,267,445</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,653,495</u> | <u>1,653,495</u> |
| Total primary government | <u>\$ 91,156,815</u> | <u>\$ 20,614,838</u> | <u>\$ 2,401,585</u> | <u>\$ 103,719</u> | <u>(69,690,169)</u> | <u>1,653,495</u> | <u>(68,036,673)</u> |
| General revenues | | | | | | | |
| Property tax | | | | | 8,788,687 | - | 8,788,687 |
| In lieu of property tax | | | | | 8,947 | - | 8,947 |
| Rental tax | | | | | 738,330 | - | 738,330 |
| Gross receipts tax | | | | | 3,425,989 | - | 3,425,989 |
| Sales and use tax | | | | | 59,153,632 | - | 59,153,632 |
| Other municipal tax | | | | | 2,803,096 | - | 2,803,096 |
| Franchise tax | | | | | 704,528 | - | 704,528 |
| Intergovernmental shared revenues without restrictions | | | | | 2,842,123 | - | 2,842,123 |
| Unrestricted investment income | | | | | 2,484,355 | - | 2,484,355 |
| Rents and royalties | | | | | 7,973 | - | 7,973 |
| Other revenue | | | | | 303,041 | - | 303,041 |
| Gain on sale of disposed equipment | | | | | 282,527 | - | 282,527 |
| Contribution of capital assets | | | | | 20,913,209 | - | 20,913,209 |
| Special - gain on sale of park land | | | | | 422,950 | - | 422,950 |
| Special - revenue rebate to developer | | | | | (1,458,303) | - | (1,458,303) |
| Total general revenues and special items | | | | | <u>101,421,086</u> | <u>-</u> | <u>101,421,086</u> |
| Change in net assets | | | | | 31,730,917 | 1,653,495 | 33,384,413 |
| Net assets at beginning of year | | | | | 304,413,178 | 23,871,222 | 328,284,400 |
| Net assets at end of year | | | | | <u>\$ 336,144,095</u> | <u>\$ 25,524,717</u> | <u>\$ 361,668,812</u> |

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

THE CITY OF HOOVER, ALABAMA
Balance Sheet
Governmental Funds
September 30, 2006

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>GOW Capital Projects Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|----------------------------------|--------------------------------------|---|---|
| Assets | | | | | |
| Pooled cash and investments | \$ 27,642,024 | \$ 27,979,428 | \$ 5,787,270 | \$ 5,781,725 | \$ 67,190,447 |
| Receivables | | | | | |
| Taxes | 6,152,329 | - | - | - | 6,152,329 |
| Accounts | 1,353,011 | 7,766 | - | 308,320 | 1,669,097 |
| Due from other governments | 83,141 | - | - | 115,263 | 198,405 |
| Internal balances | 160,871 | - | - | - | 160,871 |
| Inventories | 114,674 | - | - | - | 114,674 |
| Prepaid items | 225,671 | - | - | - | 225,671 |
| Non-current receivable | 393,180 | - | - | - | 393,180 |
| | <u>\$ 36,124,901</u> | <u>\$ 27,987,194</u> | <u>\$ 5,787,270</u> | <u>\$ 6,205,308</u> | <u>\$ 76,104,674</u> |
| Liabilities and fund balances | | | | | |
| Liabilities | | | | | |
| Accounts payable and accrued liabilities | \$ 4,805,412 | \$ 772,966 | \$ 977,054 | \$ 195,583 | \$ 6,751,016 |
| Deferred revenue | 317,749 | - | - | 18,197 | 335,946 |
| Internal balances | - | - | - | 160,871 | 160,871 |
| Refundable deposits | 1,740 | - | - | - | 1,740 |
| | <u>5,124,901</u> | <u>772,966</u> | <u>977,054</u> | <u>374,652</u> | <u>7,249,573</u> |
| Fund balances | | | | | |
| Reserved for non-current receivable | 393,180 | - | - | - | 393,180 |
| Reserved for inventory | 114,674 | - | - | - | 114,674 |
| Reserved for prepaid items | 225,671 | - | - | - | 225,671 |
| Reserved for capital projects | - | 19,255,554 | 4,427,601 | 1,640,323 | 25,323,478 |
| Unreserved | | | | | |
| General fund | 30,266,475 | - | - | - | 30,266,475 |
| Capital projects funds | - | 7,958,674 | 382,615 | - | 8,341,289 |
| Special revenue funds | - | - | - | 4,190,334 | 4,190,334 |
| | <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> |
| Total fund balances | <u>\$ 36,124,901</u> | <u>\$ 27,987,194</u> | <u>\$ 5,787,270</u> | <u>\$ 6,205,308</u> | <u>\$ 76,104,674</u> |
| Total liabilities and fund balances | <u>\$ 36,124,901</u> | <u>\$ 27,987,194</u> | <u>\$ 5,787,270</u> | <u>\$ 6,205,308</u> | <u>\$ 76,104,674</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.

378,369,258

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

(111,080,263)

Net assets of governmental activities

\$ 336,144,095

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, 2006

| | General Fund | Capital Projects Fund | GOW Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------|---------------------------|--------------------------|--------------------------|
| Revenues | | | | | |
| Taxes | \$ 75,623,209 | \$ - | \$ - | \$ - | \$ 75,623,209 |
| Licenses and permits | 8,987,468 | - | - | - | 8,987,468 |
| Intergovernmental | 2,562,148 | 10,000 | - | 1,899,749 | 4,471,897 |
| Fines and forfeits | 1,429,073 | 40,095 | - | 1,948,485 | 3,417,653 |
| Investment income | 2,102,713 | - | 381,870 | 55,436 | 2,540,019 |
| Rents and royalties | 514,291 | 2,990 | - | - | 517,281 |
| Contributions and reimbursements | 606,121 | 265,085 | - | 3,284 | 874,490 |
| Charges for services | 1,414,388 | - | - | 962,672 | 2,377,059 |
| Other | 691,022 | - | - | 1,735 | 692,757 |
| Total revenues | <u>93,930,433</u> | <u>318,170</u> | <u>381,870</u> | <u>4,871,361</u> | <u>99,501,833</u> |
| Expenditures | | | | | |
| Current operations | | | | | |
| General government | 9,664,324 | 101,330 | 1,500 | 51,710 | 9,818,864 |
| Public safety | 35,243,354 | 212,915 | 17,661 | 2,022,869 | 37,496,799 |
| Library | 4,756,851 | - | - | - | 4,756,851 |
| Municipal court | 119,303 | - | - | 1,023,846 | 1,143,148 |
| Sanitation | 4,803,993 | - | - | - | 4,803,993 |
| Education | 7,100,000 | - | - | - | 7,100,000 |
| Highway and roadway improvements | 3,652,630 | 18,875 | - | 1,044,182 | 4,715,687 |
| Recreation services | 6,011,928 | 284,637 | 5,611 | 17,225 | 6,319,400 |
| Health | 239,925 | - | - | - | 239,925 |
| Total | <u>71,592,306</u> | <u>617,757</u> | <u>24,772</u> | <u>4,159,833</u> | <u>76,394,667</u> |
| Capital outlays | 969,829 | 5,048,924 | 4,591,142 | 711,004 | 11,320,900 |
| Debt service: | | | | | |
| Principal | 4,585,000 | - | - | - | 4,585,000 |
| Interest | 4,613,046 | - | - | - | 4,613,046 |
| Fiscal agent fees | 3,899 | - | - | - | 3,899 |
| Bond issuance costs | - | - | - | - | - |
| Total expenditures | <u>81,764,080</u> | <u>5,666,681</u> | <u>4,615,913</u> | <u>4,870,837</u> | <u>96,917,512</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>12,166,352</u> | <u>(5,348,512)</u> | <u>(4,234,043)</u> | <u>524</u> | <u>2,584,321</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 17,747,362 | 8,743,356 | - | 1,412,189 | 27,902,907 |
| Transfers out | (27,886,548) | - | - | (16,358) | (27,902,907) |
| Capital portion of refunding bonds issued | - | - | - | - | - |
| Refunding bonds issued | - | - | - | - | - |
| Premium on bonds issued | - | - | - | - | - |
| Payment to bond refunding escrow agent | - | - | - | - | - |
| Discount on refunding bonds issued | - | - | - | - | - |
| Total other financing sources (uses) | <u>(10,139,186)</u> | <u>8,743,356</u> | <u>-</u> | <u>1,395,830</u> | <u>0</u> |
| Special Items | | | | | |
| Proceeds from the sale of park land | - | 1,209,000 | - | - | 1,209,000 |
| Revenue rebate to developer | (1,458,303) | - | - | - | (1,458,303) |
| Total special items | <u>(1,458,303)</u> | <u>1,209,000</u> | <u>-</u> | <u>-</u> | <u>(249,303)</u> |
| Net change in fund balances | 568,863 | 4,603,844 | (4,234,043) | 1,396,354 | 2,335,018 |
| Fund balances, beginning of year | <u>30,431,137</u> | <u>22,610,384</u> | <u>9,044,259</u> | <u>4,434,302</u> | <u>66,520,082</u> |
| Fund balances, end 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> |

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, 2006

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,335,018

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 payments | 4,585,000 |
| Proceeds from refunding bonds | - |
| Payment to refund bond escrow | - |
| Bond issue cost | - |
| Bond premium | - |
| Amortization bond issuance costs | (86,742) |
| Amortization of debt premium on 2004 issue | 199,101 |
| Amortization of debt discount on 2003 issue | (8,002) |
| 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 | 11,197,249 |
| Depreciation | (3,262,390) |

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

20,913,209

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 | (2,296,862) |
| Accumulated depreciation of assets disposed | 1,404,904 |

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

9,558

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 | (314,457) |
| Accrued compensated absences | (2,596,549) |

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 31,730,917

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, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|----------------------|----------------------|----------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ 72,701,350 | \$ 75,548,497 | \$ 75,623,209 | \$ 74,712 |
| Licenses and permits | 8,535,150 | 9,265,388 | 8,987,468 | (277,920) |
| Intergovernmental | 2,019,420 | 2,518,539 | 2,562,148 | 43,609 |
| Fines and forfeits | 1,085,000 | 1,085,000 | 1,429,073 | 344,073 |
| Investment income | 1,700,100 | 2,098,224 | 2,102,713 | 4,489 |
| Rents and royalties | 387,200 | 543,304 | 514,291 | (29,013) |
| Contributions and reimbursements | 538,000 | 661,500 | 606,121 | (55,379) |
| Charges for services | 1,335,800 | 1,434,035 | 1,414,388 | (19,647) |
| Other | 130,000 | 690,288 | 691,022 | 734 |
| Total revenues | <u>88,432,020</u> | <u>93,844,775</u> | <u>93,930,433</u> | <u>85,658</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | 11,254,634 | 9,685,783 | 9,664,324 | 21,459 |
| Public safety | 36,834,297 | 35,245,506 | 35,243,354 | 2,152 |
| Library | 4,861,990 | 4,757,465 | 4,756,851 | 614 |
| Municipal court | 111,897 | 119,307 | 119,303 | 4 |
| Sanitation | 4,847,228 | 4,803,994 | 4,803,993 | 1 |
| Education | 7,100,000 | 7,100,000 | 7,100,000 | - |
| Highway and roadway improvements | 3,671,570 | 3,652,898 | 3,652,630 | 268 |
| Recreation services | 5,823,996 | 6,029,160 | 6,011,928 | 17,232 |
| Health | 253,602 | 239,937 | 239,925 | 12 |
| Total | <u>74,759,214</u> | <u>71,634,050</u> | <u>71,592,306</u> | <u>41,744</u> |
| Capital outlays | 969,586 | 1,056,049 | 969,829 | 86,220 |
| Debt service: | | | | |
| Principal | 4,585,000 | 4,585,000 | 4,585,000 | - |
| Interest | 4,613,048 | 4,613,048 | 4,613,046 | 2 |
| Fiscal agent fees | 6,500 | 6,500 | 3,899 | 2,601 |
| Bond issuance costs | - | - | - | - |
| Total expenditures | <u>84,933,348</u> | <u>81,894,647</u> | <u>81,764,080</u> | <u>130,567</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,498,672</u> | <u>11,950,128</u> | <u>12,166,352</u> | <u>216,224</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 18,813,451 | 17,720,218 | 17,747,362 | 27,144 |
| Transfers out | (20,951,942) | (28,199,652) | (27,886,548) | 313,104 |
| Capital portion of refunding bonds issued | - | - | - | - |
| Refunding bonds issued | - | - | - | - |
| Premium on bonds issued | - | - | - | - |
| Payment to bond refunding escrow agent | - | - | - | - |
| Discount on refunding bonds issued | - | - | - | - |
| Total other financing sources (uses) | <u>(2,138,491)</u> | <u>(10,479,434)</u> | <u>(10,139,186)</u> | <u>340,248</u> |
| Special items | | | | |
| Proceeds from the sale of park land | - | - | - | - |
| Revenue rebate to developer | (1,262,329) | (1,458,303) | (1,458,303) | 0 |
| Total special items | <u>(1,262,329)</u> | <u>(1,458,303)</u> | <u>(1,458,303)</u> | <u>0</u> |
| Net change in fund balances | 97,852 | 12,391 | 568,863 | 556,472 |
| Fund balances, beginning of year | <u>30,431,137</u> | <u>30,431,137</u> | <u>30,431,137</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 30,528,989</u> | <u>\$ 30,443,528</u> | <u>\$ 31,000,000</u> | <u>\$ 556,472</u> |

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

THE CITY OF HOOVER, ALABAMA
Statement of Fund Net Assets
Proprietary Fund - Sewer
September 30, 2006

Assets

| | |
|--|-----------------------------|
| Current assets: | |
| Pooled cash and investments | \$ 3,301,493 |
| Accounts receivable | 419,060 |
| Total current assets | <u>3,720,553</u> |
| Noncurrent assets: | |
| Capital assets | |
| Land | 1,670,000 |
| Construction in progress | 360,710 |
| Buildings/improvements to buildings | 26,626,760 |
| Equipment and vehicles | 590,512 |
| Improvements o/t buildings | 3,721,900 |
| Infrastructure improvements | 23,673,367 |
| Less accumulated depreciation | <u>(20,430,677)</u> |
| Total capital assets (net of accumulated depreciation) | 36,212,572 |
| Other assets | <u>192,478</u> |
| Total noncurrent assets | <u>36,405,049</u> |
| Total assets | <u><u>\$ 40,125,602</u></u> |

Liabilities

| | |
|-------------------------------------|-------------------|
| Current liabilities: | |
| General obligation warrants payable | \$ 760,000 |
| Accounts payable | 153,027 |
| Accrued expenses | 66,055 |
| Compensated absences | 9,903 |
| Interfund balances | - |
| Total current liabilities | <u>988,986</u> |
| Noncurrent liabilities: | |
| Compensated absences | 11,900 |
| General obligation warrants payable | <u>13,600,000</u> |
| Total noncurrent liabilities | <u>13,611,900</u> |
| Total liabilities | <u>14,600,885</u> |

Net assets

| | |
|---|-----------------------------|
| Investment in capital assets, net of related debt | 21,852,572 |
| Unrestricted | <u>3,672,145</u> |
| Total net assets | <u><u>\$ 25,524,717</u></u> |

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 Fund - Sewer
For the year ended September 30, 2006

| | |
|--|-----------------------------|
| Operating revenues | |
| Charges for services | \$ 5,267,445 |
| Other revenue | - |
| Total operating revenue | <u>5,267,445</u> |
| Operating expenses | |
| Collection fees | 107,871 |
| Depreciation | 1,676,326 |
| Management fees | 586,492 |
| Personal services | 109,998 |
| Repairs and maintenance | 173,114 |
| Supplies | 129,745 |
| Telephone | 16,072 |
| Utilities | 264,047 |
| Total operating expenses | <u>3,063,665</u> |
| Operating income (loss) | 2,203,780 |
| Non-operating revenues (expenses) | |
| Contributions and reimbursements | - |
| Interest and fiscal charges | (550,285) |
| Total non-operating revenues (expenses) | <u>(550,285)</u> |
| Change in net assets | 1,653,495 |
| Net assets, beginning of year | <u>23,871,222</u> |
| Net assets, end of year | <u><u>\$ 25,524,717</u></u> |

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

THE CITY OF HOOVER, ALABAMA
Statement of Cash Flows
Proprietary Fund
For the year ended September 30, 2006

Cash flows from operating activities

| | |
|--|--------------|
| Cash received from customers | \$ 5,234,891 |
| Cash payments to suppliers | (760,169) |
| Cash payments to management companies | (586,492) |
| Cash payments to employees | (109,710) |
| Net cash provided (used) by operating activities | 3,778,520 |

Cash flows from noncapital financing activities

| | |
|---|---|
| Transfer to other funds | - |
| Transfer from other funds | - |
| Net cash provided (used) by noncapital financing activities | - |

Cash flows from capital and related financing activities

| | |
|--|-------------|
| Acquisition and construction of capital assets | (300,433) |
| Payments of warrants | (730,000) |
| Cash paid for interest on debt | (543,384) |
| Net cash provided (used) by capital and related financing activities | (1,573,817) |

| | |
|--|--------------|
| Net increase (decrease) in pooled cash and investments | 2,204,703 |
| Pooled cash and investments, beginning of year | 1,096,790 |
| Pooled cash and investments, end of year | \$ 3,301,493 |

Reconciliation of operating income to net cash provided by operating activities

| | |
|---|--------------|
| Operating income | \$ 2,203,780 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | |
| Depreciation expense | 1,676,326 |
| (Increase) decrease in accounts receivable | (32,554) |
| Increase (decrease) in accounts payable and accrued expenses | (77,646) |
| Increase (decrease) in compensated absences payable | 8,614 |
| Total adjustments | 1,574,739 |
| Net cash provided by operating activities | \$ 3,778,520 |

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, 2006

(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.

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, if applicable. 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, 2006

(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 will be used for the acquisition and construction of major capital projects.

Non-Major Governmental Fund Types:

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 costs that are related to capital expenditures that are reimbursed by other governmental agencies.

Enterprise Fund:

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. The City has presented the following major proprietary fund:

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, 2006

(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.

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 susceptible to accrual, i.e., 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. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are 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 revenues susceptible to accrual are 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.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2006

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

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 September 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, 2006

(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, and the Drug Enforcement 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, 2006, most all of the City's depositories are participating in the SAFE program, with a bank balance of \$12,274,167 and a carrying balance of \$10,352,865.

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, 2006, 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 | \$ 1,109,524 | \$ 1,109,524 | \$ - | \$ - | \$ - |
| Money market accounts | 91,556 | 91,556 | - | - | - |
| U.S. Government Agencies: | | | | | |
| Federal Home Loan Bank | 20,635,205 | - | 8,431,414 | 11,218,791 | 985,000 |
| Federal National Mortgage Association | 21,461,171 | 499,530 | 5,214,312 | 14,756,698 | 990,630 |
| Federal Home Loan Mortgage Corp | 9,016,087 | 1,988,180 | - | 4,058,357 | 2,969,550 |
| Federal Farm Credit Bank | 7,808,432 | - | - | 5,839,052 | 1,969,380 |
| Total U.S. government agencies | 58,920,894 | 2,487,710 | 13,645,726 | 35,872,898 | 6,914,560 |
| Grand total all investments | \$ 60,121,975 | \$ 3,688,791 | \$ 13,645,726 | \$ 35,872,898 | \$ 6,914,560 |

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.

Repurchase Agreement. The City entered into a repurchase agreement with Alabama Banker's Bank (ABB) on 9/28/06 to purchase a First National Mortgage Association (Fannie Mae) Fixed Note, maturity date 12/2/2008, face value \$1,114,000 and fair value \$1,113,652, for \$1,109,524. ABB agreed to repurchase the investment on 10/5/2006 for \$1,110,629, a total of the City's original investment plus 5.12% APR interest.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2006

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

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. 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 \$5,000 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 OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2006

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

K. Capital Assets (Continued)

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 2006. 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, the City still needs to add an inventory and historical value of its storm sewer systems that include catch basins, storm drains, and inlets. As a phase 2 City, this retroactive reporting must be completed by the end of fiscal year 2007.

L. 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.

M. 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, 2006

| | Balance Beginning of Year | Prior Period Adjustments (Note #10) | Classification Reclasses | Adjusted Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|---|---------------------------------|---|-----------------------------|---|--------------------|---------------------|------------------------|
| Governmental Activities | | | | | | | |
| Capital assets not being depreciated | | | | | | | |
| Land | 26,790,970 | - | - | 26,790,970 | 4,210,385 | (786,050) | 30,215,306 |
| Construction in progress | 9,497,643 | - | (6,000,000) | 3,497,643 | 8,040,038 | (1,105,917) | 10,431,764 |
| Infrastructure: | | | | | | | |
| Construction in progress - city paid roads | 5,127,487 | - | 6,000,000 | 11,127,487 | 646,849 | (10,845,617) | 928,719 |
| Street system inventory | 222,269,157 | - | - | 222,269,157 | 21,318,986 | - | 243,588,144 |
| Street system inventory - cip | - | - | - | - | 4,256,966 | - | 4,256,966 |
| Bridges inventory | 960,821 | - | - | 960,821 | 2,000,000 | - | 2,960,821 |
| Total capital assets not being depreciated | <u>264,646,079</u> | <u>-</u> | <u>-</u> | <u>264,646,079</u> | <u>40,473,224</u> | <u>(12,737,584)</u> | <u>292,381,719</u> |
| Other capital assets | | | | | | | |
| Buildings/improvements to buildings | 73,070,584 | - | - | 73,070,584 | 593,832 | - | 73,664,417 |
| Equipment and vehicles | 22,536,960 | - | - | 22,536,960 | 2,159,061 | (1,510,812) | 23,185,208 |
| Improvements o/t buildings | 16,308,755 | - | - | 16,308,755 | 675,527 | - | 16,984,281 |
| Other infrastructure | 3,797,919 | - | - | 3,797,919 | 160,349 | - | 3,958,268 |
| Total other capital assets at historical cost | <u>115,714,218</u> | <u>-</u> | <u>-</u> | <u>115,714,218</u> | <u>3,588,769</u> | <u>(1,510,812)</u> | <u>117,792,174</u> |
| Less accumulated depreciation for | | | | | | | |
| Buildings and capital facilities | 12,309,254 | - | - | 12,309,254 | 967,336 | - | 13,276,591 |
| Equipment and vehicles | 14,891,334 | - | - | 14,891,334 | 1,734,546 | (1,404,904) | 15,220,976 |
| Improvements | 2,197,100 | - | - | 2,197,100 | 437,551 | - | 2,634,651 |
| Other infrastructure | 549,460 | - | - | 549,460 | 122,957 | - | 672,417 |
| Total accumulated depreciation | <u>29,947,149</u> | <u>-</u> | <u>-</u> | <u>29,947,149</u> | <u>3,262,390</u> | <u>(1,404,904)</u> | <u>31,804,635</u> |
| Other capital assets, net | <u>85,767,069</u> | <u>-</u> | <u>-</u> | <u>85,767,069</u> | <u>326,378</u> | <u>(105,909)</u> | <u>85,987,539</u> |
| Governmental activities capital assets, net | <u>350,413,148</u> | <u>-</u> | <u>-</u> | <u>350,413,148</u> | <u>40,799,602</u> | <u>(12,843,492)</u> | <u>378,369,258</u> |
| Business Type Activities - Sewer Fund | | | | | | | |
| Capital assets not being depreciated | | | | | | | |
| Land | 1,670,000 | - | - | 1,670,000 | - | - | 1,670,000 |
| Construction in progress | 60,277 | - | - | 60,277 | 300,433 | - | 360,710 |
| Total capital assets not being depreciated | <u>1,730,277</u> | <u>-</u> | <u>-</u> | <u>1,730,277</u> | <u>300,433</u> | <u>-</u> | <u>2,030,710</u> |
| Other capital assets | | | | | | | |
| Buildings/improvements to buildings | 26,626,760 | - | - | 26,626,760 | - | - | 26,626,760 |
| Equipment and vehicles | 590,512 | - | - | 590,512 | - | - | 590,512 |
| 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>-</u> | <u>-</u> | <u>54,612,539</u> |
| Less accumulated depreciation for | | | | | | | |
| Buildings/improvements to buildings | 8,049,850 | - | - | 8,049,850 | 400,378 | - | 8,450,228 |
| Equipment and vehicles | 508,473 | - | - | 508,473 | 46,285 | - | 554,758 |
| Improvements o/t buildings | 1,307,338 | - | - | 1,307,338 | 445,212 | - | 1,752,551 |
| Infrastructure improvements | 8,888,690 | - | - | 8,888,690 | 784,451 | - | 9,673,141 |
| Total accumulated depreciation | <u>18,754,352</u> | <u>-</u> | <u>-</u> | <u>18,754,352</u> | <u>1,676,326</u> | <u>-</u> | <u>20,430,677</u> |
| Other capital assets, net | <u>35,858,187</u> | <u>-</u> | <u>-</u> | <u>35,858,187</u> | <u>(1,676,326)</u> | <u>-</u> | <u>34,181,862</u> |
| Business-type activities capital assets, net | <u>37,588,464</u> | <u>-</u> | <u>-</u> | <u>37,588,464</u> | <u>(1,375,893)</u> | <u>-</u> | <u>36,212,572</u> |

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

| | |
|---|------------------|
| Governmental activities: | |
| General government and administration | 681,736 |
| Public safety | 1,013,876 |
| Library | 242,181 |
| Municipal court | 483 |
| Highway and roadway improvements | 455,032 |
| Recreational services | 863,822 |
| Health | 5,262 |
| Total depreciation expense - Governmental activities | <u>3,262,390</u> |
| Business-type activities: | |
| Sewer services | 1,676,326 |
| Total depreciation expense - Business-type activities | <u>1,676,326</u> |

A change in estimate was made for depreciation in the Sewer Enterprise Fund. For FY 2006, a 1/2 year convention was used instead of a full year convention to correspond with the governmental activities' assets, which also use the 1/2 year convention.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2006

(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, 2006, 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 | \$ 6,995,000 | \$ - |
| \$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 | 67,570,000 | - |
| \$4,195,000 taxable general obligation warrants dated January 1, 2003; due \$780,000 to \$895,000 annually beginning March 1, 2003; interest at 1.60% to 3.50% due semiannually commencing March 1, 2003 | 895,000 | - |
| \$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 | 28,455,000 | - |
| 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 | - | 6,545,000 |
| 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 | - | 7,815,000 |
| Total Bonds Payable | <u>\$ 103,915,000</u> | <u>\$ 14,360,000</u> |
| Less deferred amounts: | | |
| For issue discounts (2003) | (76,308) | - |
| For issue premiums (2004) | 1,580,591 | - |
| For deferred loss on refunding (2003) | (941,275) | - |
| For deferred loss on refunding (2004) | <u>(3,117,152)</u> | <u>-</u> |
| Total Bonds Payable, net | <u>\$ 101,360,856</u> | <u>\$ 14,360,000</u> |

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2006

(3) LONG-TERM DEBT (CONTINUED):

Changes in Outstanding Debt:

| | Balance October 1, 2005 | Additions | Reductions | Balance September 30, 2006 | Due within one year |
|---------------------------------------|-------------------------------|---------------------|---------------------|----------------------------------|------------------------|
| Governmental activities | | | | | |
| Bonds payable | \$ 108,500,000 | \$ - | \$ 4,585,000 | \$ 103,915,000 | \$ 4,670,000 |
| Less deferred amounts: | | | | | |
| For issue discounts (2003) | (84,310) | - | (8,002) | (76,308) | (7,300) |
| For issue premiums (2004) | 1,779,692 | - | 199,101 | 1,580,591 | 198,306 |
| For deferred loss on refunding (2003) | (1,012,314) | - | (71,040) | (941,275) | (71,040) |
| For deferred loss on refunding (2004) | (3,394,232) | - | (277,080) | (3,117,152) | (277,080) |
| Compensated absences | 6,236,595 | 6,225,039 | 3,628,490 | 8,833,144 | 3,809,915 |
| Claims payable | 971,453 | 1,359,257 | 1,044,799 | 1,285,910 | 1,149,279 |
| Total governmental fund types | <u>\$ 112,996,884</u> | <u>\$ 7,584,296</u> | <u>\$ 9,101,269</u> | <u>\$ 111,479,910</u> | <u>\$ 9,472,080</u> |
| Business-type activities | | | | | |
| Bonds payable | \$ 15,090,000 | | \$ 730,000 | \$ 14,360,000 | \$ 760,000 |
| Compensated absences | 13,190 | 18,045 | 9,432 | 21,803 | 9,903 |
| Total proprietary fund types | <u>\$ 15,103,190</u> | <u>\$ 18,045</u> | <u>\$ 739,432</u> | <u>\$ 14,381,803</u> | <u>\$ 769,903</u> |

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

Due within one year includes above FY 2006 reduction amount plus increase of 5% over previous year due to anticipated merit raises and cola increases. Typically, the general fund and some special revenue funds are used to liquidate the liability for compensated absences each year.

In January 2006, the City adopted a new personnel policy that resulted in a change in the payouts for hours accrued at the time of separation. In addition, in August 2006, the Library adopted a similar policy. These changes resulted in an increase of the liability for compensated absences for both the governmental and proprietary funds.

Claims and judgments due within one year are estimated by assuming a 10 percent increase over the payments in FY 2006.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2006

(3) LONG-TERM DEBT (CONTINUED):

Annual debt service requirements to maturity for general obligation warrants (including interest) at September 30, 2006 are as follows:

| Year Ending September 30 | Governmental Activities | | Business-Type Activities | | Total |
|-----------------------------|-------------------------|----------------------|--------------------------|---------------------|-----------------------|
| | Principal | Interest | Principal | Interest | |
| 2007 | 4,670,000 | 4,488,630 | 760,000 | 515,970 | 10,434,600 |
| 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 |
| 2023 | - | - | - | - | - |
| 2024 | - | - | - | - | - |
| 2025 | - | - | - | - | - |
| Total | <u>\$ 103,915,000</u> | <u>\$ 42,623,469</u> | <u>\$ 14,360,000</u> | <u>\$ 4,205,714</u> | <u>\$ 165,104,183</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 (\$27,185,000 principal) of the 1995 Aldridge warrant and the Series 2000A 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, 2006, \$25,485,000 of bonds are considered defeased.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2006

(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, 2006 was \$238,591.10, which represented a partial year increase. For the remainder of the lease, the rental revenue will be \$252,752.20.

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

| Cost of Leased Asset | Carrying Value | Depreciation thru 9/30/06 |
|-------------------------|----------------|------------------------------|
| \$ 12,202,880 | \$ 7,823,615 | \$ 4,379,265 |

(5) INTERNAL BALANCES:

Internal Balances represent short-term loans to help supplement various funds. At September 30, 2006, the outstanding internal balances were as follows:

| Fund | Internal Balances Due To | Internal Balances Due From |
|-----------------------|--------------------------------|----------------------------------|
| General Fund | \$ 160,871 | \$ - |
| Sewer Enterprise Fund | - | - |
| Non-Major Govt Funds | - | 160,871 |
| Total | \$ 160,871 | \$ 160,871 |

(6) INTERFUND TRANSFERS:

Interfund transfers during the year ended September 30, 2006 were as follows:

| Transfers out | Transfers in | | | | Total |
|----------------------|-----------------|--------------------------|------------------------------|-----------------------------------|-----------|
| | General Fund | Capital Projects Fund | GOW Capital Projects Fund | Non-Major Governmental Fund | |
| General Fund | \$ (10,139,186) | \$ 8,743,356 | \$ - | \$ 1,412,189 | \$ 16,359 |
| Non-Major Govt Funds | - | - | - | (16,358) | (16,358) |
| Total | \$ (10,139,186) | \$ 8,743,356 | \$ - | \$ 1,395,830 | \$ 0 |

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 2006 were as follows: \$1,204,421 - E911 fund, \$169,638 - Court and Corrections fund, \$21,442 - Court Referral Officer Program fund, \$2,738 - General Grants fund, \$8,743,356 - Capital Projects fund, which totaled \$27,886,548 in transfers from the general fund. Also, \$16,358 was transferred from Other Governmental funds as follows: \$13,949 was transferred from the E911 fund to the Wireless E911 fund due to an incorrect posting in the previous year, and \$2,409 was transferred to the General fund for matching funds not needed in grant purchases.

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, 2006

(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 2006, 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 8.57% (fiscal year 2007) of annual covered payroll. This rate is the same as the rate in fiscal year 2006. 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 \$2,872,689 for the System was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2005 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, 2005 was 20 years.

Three-Year Trend Information for the System

| Fiscal Year Ending | Annual Pension Cost | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------|------------------------|-------------------------------------|---------------------------|
| 9/30/2003 | \$ 1,867,096 | 100.00% | \$ - |
| 9/30/2004 | \$ 2,268,782 | 100.00% | \$ - |
| 9/30/2005 | \$ 2,872,893 | 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] |
|-----------------------------|--|---|------------------------------|-----------------------|---------------------------|---|
| 9/30/2003 | \$ 55,363,633 | \$ 71,649,694 | \$ 16,286,061 | 77.27% | \$ 29,127,884 | 55.91% |
| 9/30/2004 | \$ 61,208,949 | \$ 76,764,919 | \$ 15,555,970 | 79.74% | \$ 30,979,612 | 50.21% |
| 9/30/2005 | \$ 68,424,098 | \$ 92,577,850 | \$ 24,153,752 | 73.91% | \$ 35,347,498 | 68.33% |

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2006

(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, 2006 there were fifteen employees receiving benefits under the ordinance. For the year ended September 30, 2006, the City recognized expenditures of \$126,868 for these benefits. This amount increased from the fiscal year 2005 amount of \$72,409.

(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 \$400,000 and to cover aggregate annual compensation claims in excess of \$2,862,584 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, and the amount of settlements has not exceeded insurance coverage for each of the past three fiscal years. All claims, claim reserves, and administrative costs of the program are paid from the General 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 2005 and 2006 are as follows:

| | <u>2005</u> | <u>2006</u> |
|------------------------------------|-------------------|---------------------|
| Unpaid claims, beginning | \$ 721,339 | \$ 971,452 |
| Incurred claims, (including IBNRs) | 1,178,571 | 1,359,257 |
| Claim Payments | <u>(928,458)</u> | <u>(1,044,799)</u> |
| Unpaid claims, ending | <u>\$ 971,452</u> | <u>\$ 1,285,910</u> |

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2006

(9) OTHER INFORMATION (CONTINUED):

B. Commitments

Operating Lease:

From FY 2005 to FY 2006, the City has 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, which ends in fiscal year 2008.

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 | 793,790 |
| 2008 | 659,979 |
| 2009 | 627,711 |
| Total | <u>\$ 2,976,813</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, 2006, the City has executed contracts related to construction projects in the amount of \$50,448,334. Of this amount, \$11,901,177 has been incurred to date creating a total remaining commitment of \$38,547,157. The City is responsible for funding \$25,323,478 of this commitment with the remaining \$13,223,679 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 2006, the City had two special items that occurred. One, the City received \$1,209,000 from proceeds on the sale of park land that was sold to Jefferson State Community College. Two, 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. For fiscal year 2006, the amount rebated was \$1,458,303.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2006

(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 | \$ 103,915,000 |
| Less: Deferred charge on refundings - 2003 and 2004 (to be amortized as interest expense) | (4,058,427) |
| Less: Deferred charge for issuance costs - 2003 and 2004 (to be amortized over life of debt) | (777,905) |
| Less: Issuance discount- 2003 issue (to be amortized as interest expense) | (76,308) |
| Issuance premium - 2004 issue | 1,580,591 |
| Accrued interest payable | 378,258 |
| Claims and judgments | 1,285,910 |
| Compensated absences | 8,833,144 |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i> | <u>\$ 111,080,263</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 \$4,190,334, is as a result of enabling legislation as defined in GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation* . The following summarizes these restrictions:

| | |
|---|---------------|
| Restricted for capital projects | \$ 25,323,478 |
| Restricted for special revenue funds (restricted by enabling legislation) | 4,190,334 |
| Total restricted net assets | \$ 29,513,812 |

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, 2006

| | | Streets | | Streets | |
|--------------------|--------------------------|------------------|----------------|------------------|----------------|
| | | 2005 | | 2006 | |
| | Quality Rating Standards | Length (in feet) | % | Length (in feet) | % |
| Excellent | 5 | 221,280 | 13.65% | 494,205 | 28.01% |
| Good | 4 | 1,195,803 | 73.79% | 1,174,823 | 66.58% |
| Fair | 3 | 152,916 | 9.44% | 62,654 | 3.55% |
| Poor | 2 | 26,834 | 1.66% | 10,667 | 0.60% |
| Unsatisfactory | 1 | 686 | 0.04% | - | 0.00% |
| Under Construction | UC | 23,072 | 1.42% | 22,236 | 1.26% |
| Total | | 1,620,591 | 100.00% | 1,764,584 | 100.00% |

| | | Streets | | Streets | |
|--------------------|--------------------------|-----------------------|----------------|-----------------------|----------------|
| | | 2005 | | 2006 | |
| | Quality Rating Standards | Value | % | Value | % |
| Excellent | 5 | \$ 28,273,463 | 12.72% | \$ 73,925,133 | 29.83% |
| Good | 4 | 166,845,471 | 75.06% | 159,227,291 | 64.24% |
| Fair | 3 | 19,303,232 | 8.68% | 8,668,584 | 3.50% |
| Poor | 2 | 4,798,234 | 2.16% | 1,767,136 | 0.71% |
| Unsatisfactory | 1 | 88,074 | 0.04% | - | 0.00% |
| Under Construction | UC | 2,960,685 | 1.33% | 4,256,966 | 1.72% |
| Total | | \$ 222,269,157 | 100.00% | \$ 247,845,109 | 100.00% |

| | | Streets | | Streets | |
|--------------------|--------------------------|-------------------|----------------|-------------------|----------------|
| | | 2005 | | 2006 | |
| | Quality Rating Standards | Length (in miles) | % | Length (in miles) | % |
| Excellent | 5 | 41.91 | 13.65% | 93.60 | 28.01% |
| Good | 4 | 226.48 | 73.79% | 222.50 | 66.58% |
| Fair | 3 | 28.96 | 9.44% | 11.87 | 3.55% |
| Poor | 2 | 5.08 | 1.66% | 2.02 | 0.60% |
| Unsatisfactory | 1 | 0.13 | 0.04% | - | 0.00% |
| Under Construction | UC | 4.37 | 1.42% | 4.21 | 1.26% |
| Total | | 306.93 | 100.00% | 334.20 | 100.00% |

*PLEASE NOTE: FY 2006 was our first total re-assessment of all roads. As a result, we added approximately 27 miles of new roadways to our inventory.

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 | 2,281 | \$ 3.25 | \$ 7,413 |
| Bituminous Concrete Wearing Surface, Mix 1, (Approximately 220 LBS/SY) | TON | 8,364 | 77.00 | 644,028.00 |
| Planing Existing Pavement (Approx. 1.10" thru 2.0") | SQ YD | 76,032 | 8.50 | 646,272.00 |
| Total | | | | <u><u>\$ 1,297,713</u></u> |

Note: Roadway totals - 4.82 miles

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

| Fund Description | Fiscal Year 2002 | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 |
|-------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 7 Cent Gas Tax Fund | \$ 328,717 | \$ 400,242 | \$ 133,969 | \$ 326,303 | \$ 596,708 |
| 4 & 5 Cent Gas Tax Fund | 195,270 | 234,407 | 2,238 | 402,255 | 351,834 |
| Total | <u><u>\$ 523,987</u></u> | <u><u>\$ 634,649</u></u> | <u><u>\$ 136,207</u></u> | <u><u>\$ 728,557</u></u> | <u><u>\$ 948,542</u></u> |

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

| | Fiscal Year 2002 | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 |
|--------------|--------------------------|--------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Total | <u><u>N/A</u></u> | <u><u>N/A</u></u> | <u><u>\$ 559,475</u></u> | <u><u>\$ 1,416,907</u></u> | <u><u>\$ 640,448</u></u> |

THE CITY OF HOOVER, ALABAMA
Modified Approach for Infrastructure Assets
Assessed Condition - Bridges
For the Fiscal Year Ending September 30, 2006

| | 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, 2006

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 fiscal year ended 2006, the City inventoried and valued all of its streets and bridges 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 2006) assess all roads with a rating of 3 and under (approximately 5% condition assessment)
 2. Year 2 (FY 2007) assess all roads with a rating of 3 and under (approximately 5% condition assessment)
 3. Year 3 (FY 2008) 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, 2006

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 every three years when a re-inventory is done. In this situation historical expenditures will be used when available to value the road.
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, 2006

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.

At the inception of our inventory process, the City hired an outside consulting agency, Gonzalez-Strength & Associates, Inc., to develop roadway quality rating standards by which to conduct an exhaustive inventory rating process. The standards created were as follows:

Rating 5 – Excellent

Resurfaced within the last 24 months. No visible deterioration.

Rating 4 – Good

Resurfaced within a 24 to 60 month time period. Deficiencies include: Slight cracking, edge raveling, slight curb and gutter damage, and (2-25%) minor pothole presence.

Rating 3 – Fair

Resurfaced within a 60 to 120 month time period. Deficiencies include: Noticeable cracking, stone polishing, 50% edge raveling, 50% curb and gutter damage, 25%-50% pothole patching.

Rating 2 – Poor

Resurfaced within a 10 to 20 year time period. 50%-75% major pothole damage, 50%-75% edge raveling, 50%-75% curb and gutter damage, and inlet tops destroyed.

Rating 1 – Unsatisfactory

Severely deteriorated, surface roughness to the point of requiring slower speeds.

For fiscal year 2006, a new consultant, Neel-Schaffer, Inc. was hired to complete the total re-assessment by applying the existing standards above. This complete re-inventory and re-assessment resulted in an additional 27 miles of roadways.

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 – Road is within city limits but 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, 2006

If a street segment was classified as City, County, or Private, 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:

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

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

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

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, 2006

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.

Due to a conversion issue from miles to feet, for fiscal year 2005, the value of roads was calculated based on the initial feet of the roadway segments from our GIS system. This length of the roadway in feet was utilized in the above formula to come up with the restated value of the roads at fiscal year 2005 of **\$222,269,157**.

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

To estimate a value on elevating ratings of 1 and 2, a list was created of such ratings and submitted to the Public Works Department, which is responsible for paving and maintaining city roads. Funds for such improvements are provided via the 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 **4.82 miles**. The City will prioritize their paving and maintenance of roads based on this list and will address them in fiscal year 2007.

The estimated cost to raise the ratings of 1 and 2 is approximately **\$1,297,714** for city maintained roads only.

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

| <u>Actual Expenditures - Roadway Maintenance & Repair - Last Five Fiscal Years</u> | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Fund Description | Fiscal Year 2002 | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 |
| 7 Cent Gas Tax Fund | \$ 328,717 | \$ 400,242 | \$ 133,969 | \$ 326,303 | \$ 596,708 |
| 4 & 5 Cent Gas Tax Fund | 195,270 | 234,407 | 2,238 | 402,255 | 351,834 |
| Total | \$ 523,987 | \$ 634,649 | \$ 136,207 | \$ 728,557 | \$ 948,542 |

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

| <u>Estimated Expenditures - Roadway Maintenance & Repair - Last Five Fiscal Years</u> | | | | | |
|---|---------------------|---------------------|--------------------------|----------------------------|--------------------------|
| Fund Description | Fiscal Year 2002 | Fiscal Year 2003 | Fiscal Year 2004 | Fiscal Year 2005 | Fiscal Year 2006 |
| Total | <u>N/A</u> | <u>N/A</u> | <u>\$ 559,475</u> | <u>\$ 1,416,907</u> | <u>\$ 640,448</u> |

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2006

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, 2006

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, 2006

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

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 recognizes the need 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, 2006

| | 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 Enforce- ment | Court and Corrections |
| Assets | | | | | | | | | |
| Pooled cash and investments | \$ - | \$ 545,760 | \$ 1,156,454 | \$ 1,148,775 | \$ - | \$ 1,006,434 | \$ 257,676 | \$ 1,217,390 | \$ 15,599 |
| Receivables | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | - |
| Accounts | 61,768 | 16,503 | - | - | 70,461 | - | - | - | - |
| Due from other governments | - | - | 72,049 | 43,215 | - | - | - | - | - |
| Inventories | - | - | - | - | - | - | - | - | - |
| Prepaid items | - | - | - | - | - | - | - | - | - |
| Total assets | \$ 61,768 | \$ 562,262 | \$ 1,228,503 | \$ 1,191,990 | \$ 70,461 | \$ 1,006,434 | \$ 257,676 | \$ 1,217,390 | \$ 15,599 |
| Liabilities and fund balances | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 45,780 | \$ - | \$ 24,238 | \$ - | \$ - | \$ 17,621 | \$ - | \$ - | \$ 15,599 |
| Deferred revenue | - | - | - | - | - | - | 18,197 | - | - |
| Internal balances | 15,988 | - | - | - | 70,461 | - | - | - | - |
| Refundable deposits | - | - | - | - | - | - | - | - | - |
| Total liabilities | 61,768 | - | 24,238 | - | 70,461 | 17,621 | 18,197 | - | 15,599 |
| Fund balances | | | | | | | | | |
| Reserved for capital projects | - | 236,877 | 350,354 | 2,212 | - | 204,177 | 223,209 | 623,494 | - |
| Unreserved, undesignated fund balance | - | 325,385 | 853,910 | 1,189,778 | - | 784,636 | 16,269 | 593,896 | - |
| Total fund balances | - | 562,262 | 1,204,264 | 1,191,990 | - | 988,813 | 239,478 | 1,217,390 | - |
| Total liabilities and fund balances | \$ 61,768 | \$ 562,262 | \$ 1,228,503 | \$ 1,191,990 | \$ 70,461 | \$ 1,006,434 | \$ 257,676 | \$ 1,217,390 | \$ 15,599 |

THE CITY OF HOOVER, ALABAMA
Combining Balance Sheet - Continued
Non-Major Governmental Funds
September 30, 2006

| | Special Revenue - Continued | | | | | | Capital Projects | Total Nonmajor Governmental Funds |
|--|-----------------------------|-------------------|-------------------|---|-----------------|---------------------|--------------------------------------|--|
| | Traffic Safety | Court Training | General Grants | Court Referral Officer Program | DARE | Total | Other Capital Projects Fund | |
| Assets | | | | | | | | |
| Pooled cash and investments | \$ 330,812 | \$ 100,703 | \$ - | \$ 568 | \$ 1,555 | \$ 5,781,725 | \$ - | \$ 5,781,725 |
| Receivables | | | | | | - | | |
| Taxes | - | - | - | - | - | - | - | - |
| Accounts | - | - | 25,112 | 5,405 | - | 179,248 | 129,072 | 308,320 |
| Due from other governments | - | - | - | - | - | 115,263 | - | 115,263 |
| Inventories | - | - | - | - | - | - | - | - |
| Prepaid items | - | - | - | - | - | - | - | - |
| Total assets | <u>\$ 330,812</u> | <u>\$ 100,703</u> | <u>\$ 25,112</u> | <u>\$ 5,972</u> | <u>\$ 1,555</u> | <u>\$ 6,076,236</u> | <u>\$ 129,072</u> | <u>\$ 6,205,308</u> |
| Liabilities and fund balances | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 5,506 | \$ 370 | \$ 2,302 | \$ 5,972 | \$ 1,236 | \$ 118,624 | \$ 76,960 | \$ 195,583 |
| Deferred revenue | - | - | - | - | - | 18,197 | - | 18,197 |
| Internal balances | - | - | 22,310 | - | - | 108,758 | 52,112 | 160,871 |
| Refundable deposits | - | - | - | - | - | - | - | - |
| Total liabilities | <u>5,506</u> | <u>370</u> | <u>24,612</u> | <u>5,972</u> | <u>1,236</u> | <u>245,579</u> | <u>129,072</u> | <u>374,652</u> |
| Fund balances | | | | | | | | |
| Reserved for capital projects | - | - | - | - | - | 1,640,323 | - | 1,640,323 |
| Unreserved, undesignated fund balance | <u>325,306</u> | <u>100,333</u> | <u>500</u> | <u>-</u> | <u>319</u> | <u>4,190,334</u> | <u>-</u> | <u>4,190,334</u> |
| Total fund balances | <u>325,306</u> | <u>100,333</u> | <u>500</u> | <u>-</u> | <u>319</u> | <u>5,830,657</u> | <u>-</u> | <u>5,830,657</u> |
| Total liabilities and fund balances | <u>\$ 330,812</u> | <u>\$ 100,703</u> | <u>\$ 25,112</u> | <u>\$ 5,972</u> | <u>\$ 1,555</u> | <u>\$ 6,076,236</u> | <u>\$ 129,072</u> | <u>\$ 6,205,308</u> |

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, 2006

| | 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 Enforce- ment | Court and Corrections |
| Revenues | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - | - | - | - |
| Intergovernmental | - | - | 747,114 | 488,448 | 51,710 | 369,388 | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | 26,983 | 1,002,623 | 734,315 |
| Investment income | - | - | - | - | - | - | 13,571 | 41,865 | - |
| Rents and royalties | - | - | - | - | - | - | - | - | - |
| Contributions and reimbursements | - | - | - | - | - | - | - | - | - |
| Charges for services | 743,525 | 191,314 | - | - | - | - | - | - | 5,432 |
| Other | - | - | - | - | - | - | - | - | 45 |
| Total revenues | <u>743,525</u> | <u>191,314</u> | <u>747,114</u> | <u>488,448</u> | <u>51,710</u> | <u>369,388</u> | <u>40,554</u> | <u>1,044,488</u> | <u>739,792</u> |
| Expenditures | | | | | | | | | |
| Current operations | | | | | | | | | |
| General government | - | - | - | - | 51,710 | - | - | - | - |
| Public safety | 1,905,837 | - | - | - | - | - | 20,313 | - | - |
| Library | - | - | - | - | - | - | - | - | - |
| Municipal court | - | - | - | - | - | - | - | - | 909,431 |
| Sanitation | - | - | - | - | - | - | - | - | - |
| Education | - | - | - | - | - | - | - | - | - |
| Highway and roadway improvements | - | - | 596,708 | 351,834 | - | 95,641 | - | - | - |
| Recreation services | - | - | - | - | - | - | - | - | - |
| Health | - | - | - | - | - | - | - | - | - |
| Total | <u>1,905,837</u> | <u>-</u> | <u>596,708</u> | <u>351,834</u> | <u>51,710</u> | <u>95,641</u> | <u>20,313</u> | <u>-</u> | <u>909,431</u> |
| Capital outlays | 28,160 | 116,953 | 313,669 | 37,788 | - | 22,621 | 47,949 | 19,513 | - |
| Total expenditures | <u>1,933,997</u> | <u>116,953</u> | <u>910,377</u> | <u>389,622</u> | <u>51,710</u> | <u>118,262</u> | <u>68,262</u> | <u>19,513</u> | <u>909,431</u> |
| Excess of revenues over (under) expenditures | <u>(1,190,472)</u> | <u>74,361</u> | <u>(163,262)</u> | <u>98,827</u> | <u>-</u> | <u>251,126</u> | <u>(27,708)</u> | <u>1,024,975</u> | <u>(169,638)</u> |
| Other financing sources (uses) | | | | | | | | | |
| Transfers in | 1,204,421 | 13,949 | - | - | - | - | - | - | 169,638 |
| Transfers out | (13,949) | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>1,190,472</u> | <u>13,949</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>169,638</u> |
| Net change in fund balances | - | 88,310 | (163,262) | 98,827 | - | 251,126 | (27,708) | 1,024,975 | - |
| Fund balances, beginning of year | - | 473,952 | 1,367,526 | 1,093,163 | - | 737,687 | 267,187 | 192,415 | - |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ 562,262</u> | <u>\$ 1,204,264</u> | <u>\$ 1,191,990</u> | <u>\$ -</u> | <u>\$ 988,813</u> | <u>\$ 239,478</u> | <u>\$ 1,217,390</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, 2006

| | Special Revenue - Continued | | | | | | Capital Projects | Total Nonmajor Governmental Funds |
|--|-----------------------------|-------------------|-------------------|---|----------------|---------------------|--------------------------------------|--|
| | Traffic Safety | Court Training | General Grants | Court Referral Officer Program | DARE | Total | Other Capital Projects Fund | |
| Revenues | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - | - | - | - |
| Intergovernmental | - | - | # 113,449 | 29,273 | - | 1,799,383 | 100,366 | 1,899,749 |
| Fines and forfeits | 156,100 | 28,464 | - | - | - | 1,948,485 | - | 1,948,485 |
| Investment income | - | - | - | - | - | 55,436 | - | 55,436 |
| Rents and royalties | - | - | - | - | - | - | - | - |
| Contributions and reimbursements | - | - | 3,284 | - | - | 3,284 | - | 3,284 |
| Charges for services | - | - | - | 22,400 | - | 962,672 | - | 962,672 |
| Other | 650 | - | 1,040 | - | - | 1,735 | - | 1,735 |
| Total revenues | <u>156,750</u> | <u>28,464</u> | <u>117,773</u> | <u>51,673</u> | <u>-</u> | <u>4,770,995</u> | <u>100,366</u> | <u>4,871,361</u> |
| Expenditures | | | | | | | | |
| Current operations | | | | | | | | |
| General government | - | - | - | - | - | 51,710 | - | 51,710 |
| Public safety | - | - | 90,897 | - | 5,821 | 2,022,869 | - | 2,022,869 |
| Library | - | - | - | - | - | - | - | - |
| Municipal court | 29,728 | 11,572 | - | 73,115 | - | 1,023,846 | - | 1,023,846 |
| Sanitation | - | - | - | - | - | - | - | - |
| Education | - | - | - | - | - | - | - | - |
| Highway and roadway improvements | - | - | - | - | - | 1,044,182 | - | 1,044,182 |
| Recreation services | - | - | 17,225 | - | - | 17,225 | - | 17,225 |
| Health | - | - | - | - | - | - | - | - |
| Total | <u>29,728</u> | <u>11,572</u> | <u>108,123</u> | <u>73,115</u> | <u>5,821</u> | <u>4,159,833</u> | <u>-</u> | <u>4,159,833</u> |
| Capital outlays | - | - | 23,985 | - | - | 610,638 | 100,366 | 711,004 |
| Total expenditures | <u>29,728</u> | <u>11,572</u> | <u>132,108</u> | <u>73,115</u> | <u>5,821</u> | <u>4,770,471</u> | <u>100,366</u> | <u>4,870,837</u> |
| Excess of revenues over (under) expenditures | <u>127,022</u> | <u>16,892</u> | <u>(14,334)</u> | <u>(21,442)</u> | <u>(5,821)</u> | <u>524</u> | <u>-</u> | <u>524</u> |
| Other financing sources (uses) | | | | | | | | |
| Transfers in | - | - | 2,738 | 21,442 | - | 1,412,189 | - | 1,412,189 |
| Transfers out | - | - | (2,409) | - | - | (16,358) | - | (16,358) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>329</u> | <u>21,442</u> | <u>-</u> | <u>1,395,830</u> | <u>-</u> | <u>1,395,830</u> |
| Net change in fund balances | 127,022 | 16,892 | (14,005) | - | (5,821) | 1,396,354 | - | 1,396,354 |
| Fund balances, beginning of year | <u>198,284</u> | <u>83,441</u> | <u>14,506</u> | <u>-</u> | <u>6,141</u> | <u>4,434,302</u> | <u>-</u> | <u>4,434,302</u> |
| Fund balances, end of year | <u>\$ 325,306</u> | <u>\$ 100,333</u> | <u>\$ 500</u> | <u>\$ -</u> | <u>\$ 319</u> | <u>\$ 5,830,657</u> | <u>\$ -</u> | <u>\$ 5,830,657</u> |

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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, 2006

| | 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 | 743,525 | (6,475) |
| Other | - | - | - | - |
| Total revenues | <u>750,000</u> | <u>750,000</u> | <u>743,525</u> | <u>(6,475)</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | - | - | - | - |
| Public safety | 2,024,209 | 2,048,359 | 1,905,837 | 142,522 |
| Library | - | - | - | - |
| Municipal court | - | - | - | - |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | - | - | - | - |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>2,024,209</u> | <u>2,048,359</u> | <u>1,905,837</u> | <u>142,522</u> |
| Capital outlays | 47,160 | 28,160 | 28,160 | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>2,071,369</u> | <u>2,076,519</u> | <u>1,933,997</u> | <u>142,522</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,321,369)</u> | <u>(1,326,519)</u> | <u>(1,190,472)</u> | <u>136,047</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 1,321,369 | 1,340,469 | 1,204,421 | (136,048) |
| Transfers out | - | (13,950) | (13,949) | 1 |
| Proceeds from refunding bonds | - | - | - | - |
| Payment to refund bond escrow agent | - | - | - | - |
| Warrant issue discount | - | - | - | - |
| Total other financing sources (uses) | <u>1,321,369</u> | <u>1,326,519</u> | <u>1,190,472</u> | <u>(136,047)</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, 2006

| | 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 | 160,000 | 160,000 | 191,314 | 31,314 |
| Other | - | - | - | - |
| Total revenues | <u>160,000</u> | <u>160,000</u> | <u>191,314</u> | <u>31,314</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | - | - | - | - |
| Public safety | 49,540 | - | - | - |
| Library | - | - | - | - |
| Municipal court | - | - | - | - |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | - | - | - | - |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>49,540</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Capital outlays | 304,292 | 353,832 | 116,953 | 236,879 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>353,832</u> | <u>353,832</u> | <u>116,953</u> | <u>236,879</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(193,832)</u> | <u>(193,832)</u> | <u>74,361</u> | <u>268,193</u> |
| Other financing sources (uses) | | | | |
| Transfers in | - | 13,950 | 13,949 | (1) |
| Transfers out | - | - | - | - |
| Proceeds from refunding bonds | - | - | - | - |
| Payment to refund bond escrow agent | - | - | - | - |
| Warrant issue discount | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>13,950</u> | <u>13,949</u> | <u>(1)</u> |
| Net change in fund balances | (193,832) | (179,882) | 88,310 | 268,192 |
| Fund balances, beginning of year | <u>473,952</u> | <u>473,952</u> | <u>473,952</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 280,120</u> | <u>\$ 294,070</u> | <u>\$ 562,262</u> | <u>\$ 268,192</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, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|---------------------|-------------------|---------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | 753,500 | 753,500 | 747,114 | (6,386) |
| Fines and forfeits | - | - | - | - |
| Investment income | - | - | - | - |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | - | - | - |
| Charges for services | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>753,500</u> | <u>753,500</u> | <u>747,114</u> | <u>(6,386)</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Library | - | - | - | - |
| Municipal court | - | - | - | - |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | 475,000 | 975,000 | 596,708 | 378,292 |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>475,000</u> | <u>975,000</u> | <u>596,708</u> | <u>378,292</u> |
| Capital outlays | 429,355 | 664,355 | 313,669 | 350,686 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>904,355</u> | <u>1,639,355</u> | <u>910,377</u> | <u>728,978</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(150,855)</u> | <u>(885,855)</u> | <u>(163,262)</u> | <u>722,593</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 | (150,855) | (885,855) | (163,262) | 722,593 |
| Fund balances, beginning of year | <u>1,367,526</u> | <u>1,367,526</u> | <u>1,367,526</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 1,216,671</u> | <u>\$ 481,671</u> | <u>\$ 1,204,264</u> | <u>\$ 722,593</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, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|---------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | 485,000 | 485,000 | 488,448 | 3,448 |
| Fines and forfeits | - | - | - | - |
| Investment income | - | - | - | - |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | - | - | - |
| Charges for services | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>485,000</u> | <u>485,000</u> | <u>488,448</u> | <u>3,448</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Library | - | - | - | - |
| Municipal court | - | - | - | - |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | 475,000 | 475,000 | 351,834 | 123,166 |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>475,000</u> | <u>475,000</u> | <u>351,834</u> | <u>123,166</u> |
| Capital outlays | - | 40,000 | 37,788 | 2,212 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>475,000</u> | <u>515,000</u> | <u>389,622</u> | <u>125,378</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>10,000</u> | <u>(30,000)</u> | <u>98,827</u> | <u>128,827</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 | 10,000 | (30,000) | 98,827 | 128,827 |
| Fund balances, beginning of year | <u>1,093,163</u> | <u>1,093,163</u> | <u>1,093,163</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 1,103,163</u> | <u>\$ 1,063,163</u> | <u>\$ 1,191,990</u> | <u>\$ 128,827</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, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|---------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | 553,444 | 553,444 | 51,710 | (501,734) |
| Fines and forfeits | - | - | - | - |
| Investment income | - | - | - | - |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | - | - | - |
| Charges for services | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>553,444</u> | <u>553,444</u> | <u>51,710</u> | <u>(501,734)</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | 114,613 | 126,711 | 51,710 | 75,001 |
| Public safety | - | - | - | - |
| Library | - | - | - | - |
| Municipal court | - | - | - | - |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | - | - | - | - |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>114,613</u> | <u>126,711</u> | <u>51,710</u> | <u>75,001</u> |
| Capital outlays | 438,831 | 426,733 | - | 426,733 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>553,444</u> | <u>553,444</u> | <u>51,710</u> | <u>501,734</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 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Alabama Trust Fund Interest
For the year ended September 30, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|-------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | 340,000 | 340,000 | 369,388 | 29,388 |
| Fines and forfeits | - | - | - | - |
| Investment income | - | - | - | - |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | - | - | - |
| Charges for services | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>340,000</u> | <u>340,000</u> | <u>369,388</u> | <u>29,388</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Library | - | - | - | - |
| Municipal court | - | - | - | - |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | 17,444 | 122,530 | 95,641 | 26,889 |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>17,444</u> | <u>122,530</u> | <u>95,641</u> | <u>26,889</u> |
| Capital outlays | 204,996 | 199,910 | 22,621 | 177,289 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>222,440</u> | <u>322,440</u> | <u>118,262</u> | <u>204,178</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>117,560</u> | <u>17,560</u> | <u>251,126</u> | <u>233,566</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 | 117,560 | 17,560 | 251,126 | 233,566 |
| Fund balances, beginning of year | <u>737,687</u> | <u>737,687</u> | <u>737,687</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 855,247</u> | <u>\$ 755,247</u> | <u>\$ 988,813</u> | <u>\$ 233,566</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, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|-------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Fines and forfeits | - | 25,259 | 26,983 | 1,724 |
| Investment income | - | 2,923 | 13,571 | 10,648 |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | - | - | - |
| Charges for services | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>-</u> | <u>28,182</u> | <u>40,554</u> | <u>12,372</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | - | - | - | - |
| Public safety | - | 150,000 | 20,313 | 129,687 |
| Library | - | - | - | - |
| Municipal court | - | - | - | - |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | - | - | - | - |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>-</u> | <u>150,000</u> | <u>20,313</u> | <u>129,687</u> |
| Capital outlays | - | 142,080 | 47,949 | 94,131 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>-</u> | <u>292,080</u> | <u>68,262</u> | <u>223,818</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(263,898)</u> | <u>(27,708)</u> | <u>236,190</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 | - | (263,898) | (27,708) | 236,190 |
| Fund balances, beginning of year | <u>267,187</u> | <u>267,187</u> | <u>267,187</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 267,187</u> | <u>\$ 3,289</u> | <u>\$ 239,478</u> | <u>\$ 236,190</u> |

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Federal Drug Enforcement
For the year ended September 30, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|---------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Fines and forfeits | - | 448,030 | 1,002,623 | 554,593 |
| Investment income | - | - | 41,865 | 41,865 |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | - | - | - |
| Charges for services | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>-</u> | <u>448,030</u> | <u>1,044,488</u> | <u>596,458</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | - | - | - | - |
| Public safety | 399 | 399 | - | 399 |
| Library | - | - | - | - |
| Municipal court | - | - | - | - |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | - | - | - | - |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>399</u> | <u>399</u> | <u>-</u> | <u>399</u> |
| Capital outlays | 7,482 | 617,482 | 19,513 | 597,969 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>7,881</u> | <u>617,881</u> | <u>19,513</u> | <u>598,368</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(7,881)</u> | <u>(169,851)</u> | <u>1,024,975</u> | <u>1,194,826</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 | (7,881) | (169,851) | 1,024,975 | 1,194,826 |
| Fund balances, beginning of year | <u>192,415</u> | <u>192,415</u> | <u>192,415</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 184,534</u> | <u>\$ 22,564</u> | <u>\$ 1,217,390</u> | <u>\$ 1,194,826</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, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Fines and forfeits | 310,000 | 732,260 | 734,315 | 2,055 |
| Investment income | - | - | - | - |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | - | - | - |
| Charges for services | - | 5,432 | 5,432 | - |
| Other | - | - | 45 | 45 |
| Total revenues | <u>310,000</u> | <u>737,692</u> | <u>739,792</u> | <u>2,100</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Library | - | - | - | - |
| Municipal court | 970,610 | 1,013,930 | 909,431 | 104,499 |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | - | - | - | - |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>970,610</u> | <u>1,013,930</u> | <u>909,431</u> | <u>104,499</u> |
| Capital outlays | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>970,610</u> | <u>1,013,930</u> | <u>909,431</u> | <u>104,499</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(660,610)</u> | <u>(276,238)</u> | <u>(169,638)</u> | <u>106,600</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 660,610 | 276,238 | 169,638 | (106,600) |
| Transfers out | - | - | - | - |
| Proceeds from refunding bonds | - | - | - | - |
| Payment to refund bond escrow agent | - | - | - | - |
| Warrant issue discount | - | - | - | - |
| Total other financing sources (uses) | <u>660,610</u> | <u>276,238</u> | <u>169,638</u> | <u>(106,600)</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, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|-------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Fines and forfeits | 60,000 | 60,000 | 156,100 | 96,100 |
| Investment income | - | - | - | - |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | - | - | - |
| Charges for services | - | - | - | - |
| Other | - | - | 650 | 650 |
| Total revenues | <u>60,000</u> | <u>60,000</u> | <u>156,750</u> | <u>96,750</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Library | - | - | - | - |
| Municipal court | 48,405 | 48,405 | 29,728 | 18,677 |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | - | - | - | - |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>48,405</u> | <u>48,405</u> | <u>29,728</u> | <u>18,677</u> |
| Capital outlays | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>48,405</u> | <u>48,405</u> | <u>29,728</u> | <u>18,677</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>11,595</u> | <u>11,595</u> | <u>127,022</u> | <u>115,427</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 | 11,595 | 11,595 | 127,022 | 115,427 |
| Fund balances, beginning of year | <u>198,284</u> | <u>198,284</u> | <u>198,284</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 209,879</u> | <u>\$ 209,879</u> | <u>\$ 325,306</u> | <u>\$ 115,427</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, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|-------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Fines and forfeits | 15,000 | 15,000 | 28,464 | 13,464 |
| Investment income | - | - | - | - |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | - | - | - |
| Charges for services | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>15,000</u> | <u>15,000</u> | <u>28,464</u> | <u>13,464</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Library | - | - | - | - |
| Municipal court | 19,800 | 19,800 | 11,572 | 8,228 |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | - | - | - | - |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>19,800</u> | <u>19,800</u> | <u>11,572</u> | <u>8,228</u> |
| Capital outlays | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>19,800</u> | <u>19,800</u> | <u>11,572</u> | <u>8,228</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,800)</u> | <u>(4,800)</u> | <u>16,892</u> | <u>21,692</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 | (4,800) | (4,800) | 16,892 | 21,692 |
| Fund balances, beginning of year | <u>83,441</u> | <u>83,441</u> | <u>83,441</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 78,641</u> | <u>\$ 78,641</u> | <u>\$ 100,333</u> | <u>\$ 21,692</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, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|-----------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | 94,027 | 114,957 | 113,449 | (1,508) |
| Fines and forfeits | - | - | - | - |
| Investment income | - | - | - | - |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | 3,284 | 3,284 | 0 |
| Charges for services | - | - | - | - |
| Other | - | 1,040 | 1,040 | - |
| Total revenues | <u>94,027</u> | <u>119,281</u> | <u>117,773</u> | <u>(1,508)</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | - | - | - | - |
| Public safety | 87,707 | 96,615 | 90,897 | 5,718 |
| Library | - | - | - | - |
| Municipal court | - | - | - | - |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | - | - | - | - |
| Recreation services | 21,398 | 21,398 | 17,225 | 4,173 |
| Health | - | - | - | - |
| Total | <u>109,105</u> | <u>118,013</u> | <u>108,123</u> | <u>9,890</u> |
| Capital outlays | 7,639 | 23,985 | 23,985 | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>116,744</u> | <u>141,998</u> | <u>132,108</u> | <u>9,890</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(22,717)</u> | <u>(22,717)</u> | <u>(14,334)</u> | <u>8,383</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 9,748 | 9,748 | 2,738 | (7,010) |
| Transfers out | - | - | (2,409) | (2,409) |
| Proceeds from refunding bonds | - | - | - | - |
| Payment to refund bond escrow agent | - | - | - | - |
| Warrant issue discount | - | - | - | - |
| Total other financing sources (uses) | <u>9,748</u> | <u>9,748</u> | <u>329</u> | <u>(9,419)</u> |
| Net change in fund balances | (12,969) | (12,969) | (14,005) | (1,036) |
| Fund balances, beginning of year | <u>14,506</u> | <u>14,506</u> | <u>14,506</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 1,537</u> | <u>\$ 1,537</u> | <u>\$ 500</u> | <u>\$ (1,036)</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, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|-----------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | 27,000 | 27,000 | 29,273 | 2,273 |
| Fines and forfeits | - | - | - | - |
| Investment income | - | - | - | - |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | - | - | - |
| Charges for services | - | - | 22,400 | 22,400 |
| Other | - | - | - | - |
| Total revenues | <u>27,000</u> | <u>27,000</u> | <u>51,673</u> | <u>24,673</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Library | - | - | - | - |
| Municipal court | 73,764 | 73,764 | 73,115 | 649 |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | - | - | - | - |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>73,764</u> | <u>73,764</u> | <u>73,115</u> | <u>649</u> |
| Capital outlays | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>73,764</u> | <u>73,764</u> | <u>73,115</u> | <u>649</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(46,764)</u> | <u>(46,764)</u> | <u>(21,442)</u> | <u>25,322</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 46,764 | 46,764 | 21,442 | (25,322) |
| Transfers out | - | - | - | - |
| Proceeds from refunding bonds | - | - | - | - |
| Payment to refund bond escrow agent | - | - | - | - |
| Warrant issue discount | - | - | - | - |
| Total other financing sources (uses) | <u>46,764</u> | <u>46,764</u> | <u>21,442</u> | <u>(25,322)</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, 2006

| | 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 | 6,141 | 6,141 | 5,821 | 320 |
| Library | - | - | - | - |
| Municipal court | - | - | - | - |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | - | - | - | - |
| Recreation services | - | - | - | - |
| Health | - | - | - | - |
| Total | <u>6,141</u> | <u>6,141</u> | <u>5,821</u> | <u>320</u> |
| Capital outlays | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>6,141</u> | <u>6,141</u> | <u>5,821</u> | <u>320</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(6,141)</u> | <u>(6,141)</u> | <u>(5,821)</u> | <u>320</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 | (6,141) | (6,141) | (5,821) | 320 |
| Fund balances, beginning of year | <u>6,141</u> | <u>6,141</u> | <u>6,141</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 319</u> | <u>\$ 320</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, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|----------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | 12,233,472 | 13,318,050 | 100,366 | (13,217,684) |
| Fines and forfeits | - | - | - | - |
| Investment income | - | - | - | - |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | - | - | - |
| Charges for services | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>12,233,472</u> | <u>13,318,050</u> | <u>100,366</u> | <u>(13,217,684)</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 | 11,709,472 | 12,794,050 | 100,366 | 12,693,684 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>12,233,472</u> | <u>13,318,050</u> | <u>100,366</u> | <u>13,217,684</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 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

THE CITY OF HOOVER, ALABAMA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Capital Projects Fund
For the year ended September 30, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|----------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | 410,000 | 10,000 | (400,000) |
| Fines and forfeits | - | 28,000 | 40,095 | 12,095 |
| Investment income | - | - | - | - |
| Rents and royalties | - | - | 2,990 | 2,990 |
| Contributions and reimbursements | - | 260,000 | 265,085 | 5,085 |
| Charges for services | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>-</u> | <u>698,000</u> | <u>318,170</u> | <u>(379,830)</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | 606,254 | 789,329 | 101,330 | 687,999 |
| Public safety | 431,590 | 384,386 | 212,915 | 171,471 |
| Library | - | - | - | - |
| Municipal court | - | - | - | - |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | 195,695 | 195,695 | 18,875 | 176,820 |
| Recreation services | 94,379 | 495,482 | 284,637 | 210,845 |
| Health | - | - | - | - |
| Total | <u>1,327,918</u> | <u>1,864,892</u> | <u>617,757</u> | <u>1,247,135</u> |
| Capital outlays | 17,730,256 | 23,109,439 | 5,048,924 | 18,060,515 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | <u>19,058,174</u> | <u>24,974,331</u> | <u>5,666,681</u> | <u>19,307,650</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(19,058,174)</u> | <u>(24,276,331)</u> | <u>(5,348,512)</u> | <u>18,927,819</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 100,000 | 8,806,215 | 8,743,356 | (62,859) |
| Transfers out | - | - | - | - |
| Proceeds from refunding bonds | - | - | - | - |
| Payment to refund bond escrow agent | - | - | - | - |
| Warrant issue discount | - | - | - | - |
| Total other financing sources (uses) | <u>100,000</u> | <u>8,806,215</u> | <u>8,743,356</u> | <u>(62,859)</u> |
| Special Items | | | | |
| Proceeds from the sale of park land | - | 1,209,000 | 1,209,000 | - |
| Net change in fund balances | <u>(18,958,174)</u> | <u>(14,261,116)</u> | <u>4,603,844</u> | <u>18,864,960</u> |
| Fund balances, beginning of year | <u>22,610,384</u> | <u>22,610,384</u> | <u>22,610,384</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 3,652,210</u> | <u>\$ 8,349,268</u> | <u>\$ 27,214,228</u> | <u>\$ 18,864,960</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, 2006

| | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
|--|---------------------|--------------------|---------------------|------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Fines and forfeits | - | - | - | - |
| Investment income | - | - | 381,870 | 381,870 |
| Rents and royalties | - | - | - | - |
| Contributions and reimbursements | - | - | - | - |
| Charges for services | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>381,870</u> | <u>381,870</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | 1,500 | 45,667 | 1,500 | 44,167 |
| Public safety | - | 19,000 | 17,661 | 1,339 |
| Library | - | - | - | - |
| Municipal court | - | - | - | - |
| Sanitation | - | - | - | - |
| Education | - | - | - | - |
| Highway and roadway improvements | - | - | - | - |
| Recreation services | - | 6,600 | 5,611 | 989 |
| Health | - | - | - | - |
| Total | <u>1,500</u> | <u>71,267</u> | <u>24,772</u> | <u>46,495</u> |
| Capital outlays | 7,083,974 | 8,737,794 | 4,591,142 | 4,146,652 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | 235,198 | - | 235,198 |
| Total expenditures | <u>7,085,474</u> | <u>9,044,259</u> | <u>4,615,913</u> | <u>4,428,346</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(7,085,474)</u> | <u>(9,044,259)</u> | <u>(4,234,043)</u> | <u>4,810,216</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 | (7,085,474) | (9,044,259) | (4,234,043) | 4,810,216 |
| Fund balances, beginning of year | <u>9,044,259</u> | <u>9,044,259</u> | <u>9,044,259</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 1,958,785</u> | <u>\$ -</u> | <u>\$ 4,810,216</u> | <u>\$ 4,810,216</u> |

STATISTICAL SECTION

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

| Contents | Page |
|---|-------------|
| Financial Trends | 111 |
| <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 | 117 |
| <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 are also included.</i> | |
| Debt Capacity | 123 |
| <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 | 127 |
| <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 | 129 |
| <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> | |

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 | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 211,385,693 | \$ 237,389,084 | \$ 244,624,314 | \$ 277,008,402 |
| Restricted capital projects | - | - | - | - | - | - | 42,821,354 | 26,859,710 | 31,654,643 | 25,323,478 |
| Restricted for enabling legislation | - | - | - | - | - | - | - | - | - | 4,190,334 |
| Unrestricted | - | - | - | - | - | - | 24,419,598 | 26,920,917 | 28,134,223 | 29,621,882 |
| Total governmental activities net assets | \$ - | \$ 278,626,645 | \$ 291,169,711 | \$ 304,413,180 | \$ 336,144,096 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | | | | | | | \$ 23,604,673 | \$ 23,000,983 | \$ 22,498,465 | \$ 21,852,572 |
| Restricted capital projects | | | | | | | - | - | - | - |
| Restricted for enabling legislation | | | | | | | - | - | - | - |
| Unrestricted | | | | | | | (1,720,052) | (245,855) | 1,372,757 | 3,672,145 |
| Total business-type activities net assets | \$ - | \$ 21,884,621 | \$ 22,755,128 | \$ 23,871,222 | \$ 25,524,717 |
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 234,990,366 | \$ 260,390,067 | \$ 267,122,779 | \$ 298,860,973 |
| Restricted capital projects | - | - | - | - | - | - | 42,821,354 | 26,859,710 | 31,654,643 | 25,323,478 |
| Restricted for enabling legislation | - | - | - | - | - | - | - | - | - | 4,190,334 |
| Unrestricted | - | - | - | - | - | - | 22,699,546 | 26,675,062 | 29,506,980 | 33,294,026 |
| Total primary government net assets | \$ - | \$ 300,511,266 | \$ 313,924,839 | \$ 328,284,401 | \$ 361,668,812 |

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

² Fiscal years 2003 and 2004 reflect prior period adjustments that were made in subsequent years relating to capital assets

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

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|----------------------|----------------------|----------------------|----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9,441,739 | \$ 10,372,215 | \$ 9,805,408 | \$ 11,194,315 |
| Public safety | - | - | - | - | - | - | 29,387,299 | 32,635,142 | 35,433,552 | 40,463,403 |
| Library | - | - | - | - | - | - | 4,127,449 | 4,295,061 | 4,615,218 | 5,016,881 |
| Municipal court | - | - | - | - | - | - | 680,343 | 756,248 | 930,830 | 1,188,252 |
| Sanitation | - | - | - | - | - | - | 4,546,886 | 4,210,995 | 4,530,331 | 4,803,993 |
| Education | - | - | - | - | - | - | 7,560,622 | 8,335,662 | 1,895,404 | 7,100,000 |
| Highway and roadway improvements | - | - | - | - | - | - | 4,456,794 | 4,610,589 | 5,175,085 | 5,436,669 |
| Recreation services | - | - | - | - | - | - | 6,161,563 | 6,131,735 | 6,321,075 | 7,321,789 |
| Health | - | - | - | - | - | - | 208,017 | 238,379 | 227,382 | 253,155 |
| Interest and fiscal charges | - | - | - | - | - | - | 4,195,659 | 5,264,484 | 4,227,036 | 4,764,408 |
| Total governmental activities expenses | <u>-</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Sewer services | - | - | - | - | - | - | 3,654,400 | 3,189,092 | 3,225,498 | 3,613,950 |
| Total business-type activities expenses | <u>-</u> | <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> |
| 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> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,092,060 | \$ 4,359,687 | \$ 4,685,921 | \$ 4,946,810 |
| Public safety | - | - | - | - | - | - | 5,057,430 | 6,267,496 | 5,517,548 | 6,510,590 |
| Library | - | - | - | - | - | - | 219,955 | 217,273 | 243,539 | 273,053 |
| Municipal court | - | - | - | - | - | - | 1,103,584 | 1,163,474 | 1,572,652 | 2,213,768 |
| Sanitation | - | - | - | - | - | - | 6,450 | 5,700 | 6,450 | 6,300 |
| Highway and roadway improvements | - | - | - | - | - | - | 1,863 | 12,170 | - | 40,095 |
| Recreation services | - | - | - | - | - | - | 1,231,054 | 1,257,087 | 1,194,290 | 1,356,777 |
| Operating grants and contributions | - | - | - | - | - | - | 2,282,895 | 2,254,587 | 3,238,564 | 2,401,585 |
| Capital grants and contributions | - | - | - | - | - | - | 3,358,490 | 384,234 | 234,974 | 103,719 |
| Total governmental activities program revenues | <u>-</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sewer services | - | - | - | - | - | - | 3,244,883 | 4,059,598 | 4,336,371 | 5,267,445 |
| 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>-</u> | <u>3,244,883</u> | <u>4,059,598</u> | <u>4,341,571</u> | <u>5,267,445</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> |

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

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|------------------------|------------------------|------------------------|------------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Continued | | | | | | | | | | |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (53,412,590) | \$ (60,928,803) | \$ (56,467,384) | \$ (69,690,169) |
| Business-type activities | - | - | - | - | - | - | (409,517) | 870,506 | 1,116,073 | 1,653,495 |
| Total primary government net expense | <u>\$ -</u> | <u>\$ (53,822,107)</u> | <u>\$ (60,058,297)</u> | <u>\$ (55,351,311)</u> | <u>\$ (68,036,673)</u> |
| 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 |
| Property taxes | - | - | - | - | - | - | 6,705,083 | 7,712,457 | 8,053,100 | 8,788,687 |
| Franchise taxes | - | - | - | - | - | - | 638,415 | 669,243 | 665,780 | 704,528 |
| Gross receipts taxes | - | - | - | - | - | - | 2,663,109 | 2,763,264 | 3,026,932 | 3,425,989 |
| Other taxes | - | - | - | - | - | - | 2,655,367 | 2,858,598 | 2,949,342 | 3,550,373 |
| Intergovernmental shared revenues | - | - | - | - | - | - | 1,935,834 | 2,215,218 | 2,398,968 | 2,842,123 |
| Investment earnings | - | - | - | - | - | - | 1,378,214 | 1,790,353 | 1,971,416 | 2,484,355 |
| Rents and royalties | - | - | - | - | - | - | - | - | - | 7,973 |
| Other revenue | - | - | - | - | - | - | 492,661 | 209,333 | 321,894 | 303,041 |
| Gain (loss) on sale of disposed equipment | - | - | - | - | - | - | (10,336) | - | 4,986 | 282,527 |
| Contribution of capital assets | - | - | - | - | - | - | 1,758,723 | 2,942,647 | 525,535 | 20,913,209 |
| Special items | - | - | - | - | - | - | - | - | (6,656,318) | (1,035,353) |
| Total governmental activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>65,769,987</u> | <u>73,259,004</u> | <u>69,710,852</u> | <u>101,421,086</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | - | - | - | - | - | - | - | - | - | - |
| Other revenues | - | - | - | - | - | - | - | - | 21 | - |
| Total business-type activities | <u>-</u> | <u>-</u> | <u>21</u> | <u>-</u> |
| Total primary government | <u>\$ -</u> | <u>\$ 65,769,987</u> | <u>\$ 73,259,004</u> | <u>\$ 69,710,873</u> | <u>\$ 101,421,086</u> |
| Change in Net Assets | | | | | | | | | | |
| Governmental activities | - | - | - | - | - | - | 12,357,397 | 12,330,201 | 13,243,468 | 31,730,917 |
| Business-type activities | - | - | - | - | - | - | (409,517) | 870,506 | 1,116,093 | 1,653,495 |
| Total primary government | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,947,880</u> | <u>13,200,707</u> | <u>14,359,562</u> | <u>33,384,413</u> |

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

¹ Fiscal years 2003 and 2004 reflect prior period adjustments that were made in subsequent years relating to capital assets. For fiscal year 2003 and 2004, the amount of this that was a contribution to capital assets was \$1,758,723 and \$2,801,553, respectively.

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

| | Fiscal Year | | | | | | | | | |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General fund | | | | | | | | | | |
| Reserved for non-current receivable | 1 \$ 3,491,097 | \$ 3,591,674 | \$ 3,804,858 | \$ 4,027,499 | \$ 961,155 | \$ 887,601 | \$ 777,445 | \$ 680,670 | \$ 549,980 | \$ 393,180 |
| Reserved other | - | - | 45,456 | 216,284 | 32,896 | 90,199 | - | 99,040 | 158,803 | 340,345 |
| Unreserved | 2 12,824,684 | 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 |
| Total general fund | <u>16,315,781</u> | <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> |
| All other governmental funds | | | | | | | | | | |
| Reserved for capital projects | 3 \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 25,323,478 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 1,168,924 | 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 |
| Capital projects funds | <u>(4,780,000)</u> | <u>(2,836,631)</u> | <u>1,615,263</u> | <u>15,072,918</u> | <u>10,867,360</u> | <u>10,996,703</u> | <u>42,821,354</u> | <u>26,859,710</u> | <u>31,654,643</u> | <u>8,341,289</u> |
| Total all other governmental funds | <u>(3,611,076)</u> | <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> |
| Total all governmental funds | <u><u>12,704,705</u></u> | <u><u>20,106,401</u></u> | <u><u>28,733,758</u></u> | <u><u>48,183,403</u></u> | <u><u>34,971,453</u></u> | <u><u>38,044,094</u></u> | <u><u>73,421,651</u></u> | <u><u>60,514,936</u></u> | <u><u>66,520,082</u></u> | <u><u>68,855,101</u></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 | | | | | | | | | |
|---|---------------------|---------------------|---------------------|----------------------|------------------------|---------------------|----------------------|------------------------|---------------------|---------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 42,061,228 | \$ 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 |
| Licenses and permits | 7,833,276 | 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 |
| Intergovernmental | 2,260,279 | 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 |
| Fines and forfeits | 939,012 | 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 |
| Investment income | 925,011 | 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 |
| Rents and royalties | - | - | - | - | - | - | 358,432 | 375,860 | 442,924 | 517,281 |
| Contributions and reimbursements | - | - | - | - | - | - | 1,439,052 | 758,743 | 397,747 | 874,490 |
| Charges for services | - | - | - | - | 1,209,952 | 1,195,571 | 2,285,998 | 2,269,281 | 2,185,504 | 2,377,059 |
| Other | 1,989,843 | 1,301,811 | 1,239,620 | 1,426,777 | 779,188 | 757,418 | 1,389,750 | 209,312 | 432,568 | 692,757 |
| Total revenues | 56,008,649 | 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 |
| Expenditures | | | | | | | | | | |
| General government | \$ 5,913,759 | \$ 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 |
| Public safety | 17,078,833 | 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 |
| Library | - | - | - | 55,548 | 59,570 | - | 3,874,224 | 4,120,702 | 4,333,627 | 4,756,851 |
| Municipal court | 371,570 | 423,364 | 436,430 | 506,090 | 722,358 | 624,373 | 671,634 | 729,106 | 930,994 | 1,143,148 |
| Sanitation | 3,682,637 | 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 |
| Education | - | - | - | - | - | - | 7,560,622 | 8,335,662 | 1,895,404 | 7,100,000 |
| Highway and roadway improvements | 1,565,939 | 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 |
| Recreation services | - | - | - | - | 299,377 | 2,431,397 | 5,190,949 | 5,684,917 | 5,426,654 | 6,319,400 |
| Health | 347,843 | 365,070 | 356,631 | 327,890 | 211,910 | 418,807 | 197,634 | 205,191 | 220,172 | 239,925 |
| Capital outlays | 9,834,653 | 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 |
| Debt service | | | | | | | | | | |
| Principal | 1,547,076 | 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 |
| Interest | 3,255,097 | 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 |
| Fiscal agent fees | 11,583 | 13,917 | 9,508 | 3,600 | 3,600 | 4,800 | 3,235 | 4,800 | 6,817 | 3,899 |
| Bond issuance costs | - | - | 46,184 | 318,615 | - | - | 764,499 | - | 299,814 | - |
| Total expenditures | 43,608,990 | 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 |
| Excess of revenues over (under) expenditures | 12,399,659 | 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 |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 3,973,631 | 10,099,348 | 12,620,745 | 2,548,155 | 8,827,706 | 4,415,471 | 6,212,202 | - | 25,603,806 | 27,902,907 |
| Transfers out | (3,967,900) | (6,537,112) | (12,802,952) | (2,548,155) | (8,827,706) | (4,415,471) | (6,212,202) | - | (25,603,806) | (27,902,907) |
| Transfers out component units | (11,103,834) | (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) | (11,098,103) | (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) |
| Net changes in fund balances | \$ 1,301,556 | \$ 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 |
| Debt service as a percentage of noncapital expenditures | 14.25% | 15.37% | 15.99% | 14.25% | 17.09% | 14.38% | 11.89% | 12.15% | 12.35% | 10.75% |

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 Parks and recreation 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> |
|--------------------|----------------------------|-------------------------------------|--------------------------------------|----------------------------------|---------------------|---|------------------------------|---------------|
| 1997 | \$ 36,439,547 | \$ 3,981,320 | \$ 346,789 | \$ 47,828 | \$ 137,318 | \$ - | \$ 1,108,426 | \$ 42,061,228 |
| 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 |

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 | | | | | | | | | |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Merchandise Retail | \$ 26,046,988 | \$ 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 |
| Auto Dealers and Supplies | 2,977,111 | 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 |
| Grocery Stores | 1,982,311 | 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 |
| Restaurants | 3,115,581 | 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 |
| Home Furnishings & Appliances | 400,835 | 403,886 | 422,141 | 429,218 | 450,941 | 483,847 | 523,082 | 573,077 | 620,941 | 650,690 |
| Pharmacy | 255,077 | 257,018 | 268,635 | 273,139 | 286,962 | 307,902 | 332,870 | 364,685 | 395,145 | 414,075 |
| Other Sales | 1,661,643 | 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 |
| Total | \$ 36,439,547 | \$ 36,716,919 | \$ 38,376,459 | \$ 39,019,809 | \$ 40,994,618 | \$ 43,986,058 | \$ 47,552,917 | \$ 52,097,889 | \$ 56,449,217 | \$ 59,153,632 |

¹ These are estimates provided by the City Revenue Department. Sales tax data is not 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> |
|--------------------------------------|--------------------|----------------------------|------------------------------|-----------------------------|-----------------------------|
| | 1997 | 3.0% | 1.0% | 4.0% | 8.0% |
| | 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% |

| 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> |
|-----------------------------------|--------------------|----------------------------|------------------------------|-----------------------------|-----------------------------|
| | 1997 | 3.0% | 2.0% | 4.0% | 9.0% |
| | 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% |

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 | |
|---|----------------------------|-------------|
| | <u>2006</u> | <u>1997</u> |
| | <u>Rank</u> | <u>Rank</u> |
| Wal-mart - 280 location | 1 | |
| Wal-mart - 150 location (formerly US 31 location) | 2 | 5 |
| Parisian/Belk | 3 | 1 |
| Sam's Club | 4 | |
| Costco | 5 | |
| Belk | 6 | |
| Macy's (Galleria/Rich's) | 7 | 3 |
| Best Buy | 8 | |
| Home Depot | 9 | 4 |
| Publix | 10 | |
| Bellsouth Telecommunications | | 2 |
| Sears Roebuck & Co | | 7 |
| Bruno's Super Markets Inc - Highway 150 location | | 8 |
| CompUSA Stores | | 9 |
| Macy's (Galleria East) | | 6 |
| Bruno's Food & Pharmacy - Highway 31 location | | 10 |
| | | |
| Total Sales and Use Taxes - Principal Payers | 25.59% | 28.54% |

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

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 | |
| 1997 | \$ 311,327,661 | \$ 2,207,875,277 | \$ 44,224,575 | \$ 221,122,875 | \$ 64,566,900 | \$ 215,201,478 | \$ 420,119,136 | \$ 2,644,199,630 | 15.89% |
| 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% |

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 | |
| 1997 | \$ 182,967,120 | \$ 1,313,928,500 | \$ 17,921,460 | \$ 89,607,300 | \$ 10,269,280 | \$ 34,230,933 | \$ 211,157,860 | \$ 1,437,766,733 | 14.69% |
| 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 | 401,099,820 | 3,151,531,300 | 33,892,660 | 169,463,300 | 5,798,200 | 19,327,333 | 440,790,680 | 3,340,321,933 | 13.20% |

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 | | |
| 1997 | 0.65 | 1.40 | 2.05 | 1.35 | 0.82 | 1.39 | 3.56 | 0.65 | 6.26 |
| 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 |

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 | | |
| 1997 | 0.65 | 1.40 | 2.05 | 0.75 | 1.60 | 0.60 | | 2.95 | 5.65 |
| 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 |

(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
Principal Property Taxpayers
September 30, 2006

| | Fiscal Year | | | | | |
|--|---|-------------|---|---|-------------|---|
| | 2006 | | | 1997 | | |
| | 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 | \$ 521,758 | 1 | 6.76% | \$ 289,957 | 4 | 7.28% |
| Amsouth Bank & Investment Services | 394,903 | 2 | 5.12% | 334,900 | 3 | 8.41% |
| Metropolitan Life Insurance Co | 375,177 | 3 | 4.86% | 419,600 | 1 | 10.54% |
| AIG Baker | 196,382 | 4 | 2.55% | - | | - |
| Hoover Mall Limited LP | 170,093 | 5 | 2.21% | 381,994 | 2 | 9.59% |
| Blue Cross & Blue Shield | 148,548 | 6 | 1.93% | - | | - |
| Colonial Realty LTD PTN | 123,446 | 7 | 1.60% | - | | - |
| Meadowbrook Properties | 119,202 | 8 | 1.55% | - | | - |
| Oxmoor Valley Corp | 79,782 | 9 | 1.03% | - | | - |
| Alabama Power Co/Southern Company | 56,391 | 10 | 0.73% | 38,700 | 9 | 0.97% |
| Wilmington Trust Co | - | | - | 157,600 | 5 | 3.96% |
| Daniel Properties | - | | - | 108,100 | 6 | 2.72% |
| Harbert Companies | - | | - | 64,800 | 7 | 1.63% |
| Murray Concourse | - | | - | 47,000 | 8 | 1.18% |
| Summerchase Shelby Inc. | - | | - | 37,700 | 10 | 0.95% |
| Total Ad Valorem Taxes - Principal Property Taxpayers | \$ 2,185,681 | | 28.34% | \$ 1,880,351 | | 47.23% |
| Total Ad Valorem Taxes - All Taxpayers | \$ 7,713,133 | | 100.00% | \$ 3,981,320 | | 100.00% |

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> | <u>General Obligation Warrants</u> | <u>General Obligation Warrants</u> | | | | | |
| 1997 | \$ 60,873,278 | \$ - | \$ 60,873,278 | NA | NA | 58,500 | ² | \$ 1,041 | |
| 1998 | 58,379,847 | - | 58,379,847 | NA | NA | 60,000 | ² | 973 | |
| 1999 | 60,858,550 | 8,505,000 | 69,363,550 | NA | NA | 62,000 | ² | 1,119 | |
| 2000 | 83,160,000 | 18,070,000 | 101,230,000 | NA | NA | 62,742 | ¹ | 1,613 | |
| 2001 | 79,935,000 | 17,770,000 | 97,705,000 | NA | NA | 64,605 | ² | 1,512 | |
| 2002 | 76,565,000 | 17,135,000 | 93,700,000 | \$ 2,011,996,130 | 4.66% | 65,885 | ² | 1,422 | |
| 2003 | 115,375,000 | 16,480,000 | 131,855,000 | \$ 2,126,334,840 | 6.20% | 67,830 | ² | 1,944 | |
| 2004 | 111,280,000 | 15,800,000 | 127,080,000 | \$ 2,316,674,020 | 5.49% | 70,060 | ² | 1,814 | |
| 2005 | 108,500,000 | 15,090,000 | 123,590,000 | \$ 2,352,750,117 | 5.25% | 71,151 | ² | 1,737 | |
| 2006 | 103,915,000 | 14,360,000 | 118,275,000 | \$ 2,430,589,835 | 4.87% | 73,505 | ² | 1,609 | |

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> |
|--------------------|--------------------------------|---|--|---------------------|-------------------|
| 1997 | \$ 60,873,278 | \$ 4,081,966,363 | 1.49% | 58,500 ¹ | \$ 1,041 |
| 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 |

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, 2006

| | <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 | \$ 103,915,000 | 100.00% | \$ 103,915,000 |
| Total direct debt | <u>103,915,000</u> | | <u>103,915,000</u> |
| Overlapping Debt: | | | |
| Hoover City Board of Education | 204,485,000 | 100.00% | 204,485,000 |
| Jefferson County | 274,470,000 | 11.36% | 31,171,426 |
| Jefferson County Board of Education | 131,988,842 | 11.36% | 14,989,909 |
| Shelby County | - | 18.84% | - |
| Shelby County Board of Education | <u>187,327,433</u> | 18.84% | <u>35,291,885</u> |
| Total overlapping debt | <u>798,271,275</u> | | <u>285,938,220</u> |
| Total direct and overlapping debt | <u>\$ 902,186,275</u> | | <u>\$ 389,853,220</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 | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Debt limit | 147,039,469 | 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 |
| Total net debt applicable to limit | 48,983,278 | 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 |
| Legal debt margin | 98,056,191 | 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 |
| Total net debt applicable to the limit as a percentage of debt limit | 33.31% | 30.44% | 27.23% | 39.62% | 40.49% | 38.22% | 54.81% | 46.18% | 41.03% | 37.80% |

Legal Debt Margin Calculation for Fiscal Year 2006

| | |
|---|----------------------------------|
| Assessed value of property: | ¹ |
| Jefferson County | \$ 842,712,556 |
| Shelby County | <u>531,662,640</u> |
| Total assessed value of or property | 1,374,375,196 |
| Debt limit - 20 percent of total assessed value | 274,875,039 |
| Debt applicable to limit: | |
| General obligation warrants | <u>103,915,000</u> |
| Legal debt margin | <u><u>\$ 170,960,039</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 \$173,560,860 (Jefferson County - \$82,688,720 and Shelby County - \$90,871,960)
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) ⁵</u> | <u>School Enrollment ³</u> | <u>Unemployment Rate ⁴</u> |
|--------------------|---------------------|------------------------|--|---------------------------------------|---------------------------------------|
| 1997 | 58,500 ² | NA | NA | 8,663 | 1.3% |
| 1998 | 60,000 ² | NA | NA | 9,018 | 1.1% |
| 1999 | 62,000 ² | NA | NA | 9,310 | 1.2% |
| 2000 | 62,742 ¹ | NA | NA | 9,463 | 1.2% |
| 2001 | 64,605 ² | NA | NA | 9,794 | 1.4% |
| 2002 | 65,885 ² | 2,011,996,130 | 30,538 | 10,265 | 1.8% |
| 2003 | 67,830 ² | 2,126,334,840 | 31,348 | 10,765 | 1.8% |
| 2004 | 70,060 ² | 2,316,674,020 | 33,067 | 11,163 | 2.6% |
| 2005 | 71,151 ² | 2,352,750,117 | 33,067 | 11,771 | 2.4% |
| 2006 | 73,505 ² | 2,430,589,835 | 33,067 | 12,036 | 2.2% |

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 | 2006 | | | 1997 | | |
|------------------------------------|-----------|------|-------------------------------------|------------------------|------|-------------------------------------|
| | 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 | | |
| Hoover Board of Education | 1,773 | 2 | | | | |
| Amsouth Bank | 1,765 | 3 | | | | |
| Bellsouth Telecommunications | 1,143 | 4 | | | | |
| City of Hoover | 745 | 5 | | | | |
| Wal-mart | 650 | 6 | | | | |
| BE & K Engineering | 499 | 7 | | | | |
| Automation Technologies | 300 | 8 | | | | |
| Bellsouth Advertising & Publishing | 230 | 9 | | | | |
| Hoar Construction | 230 | 10 | | | | |
| Total | 10,335 | | | | | |
| 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

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

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

| | Fiscal Year | | | | | | | | | | | | | | | | | | | |
|------------------------------|-------------|----------------|------|----------------|------|----------------|------|----------------|------|----------------|------|----------------|------|----------------|------|----------------|------|----------------|------|----------------|
| | 1997 | | 1998 | | 1999 | | 2000 | | 2001 | | 2002 | | 2003 | | 2004 | | 2005 | | 2006 | |
| | FT | PT TP EO | FT | PT TP EO | FT | PT TP EO | FT | PT TP EO | FT | PT TP EO | FT | PT TP EO | FT | PT TP EO | FT | PT TP EO | FT | PT TP EO | FT | PT TP EO |
| General government | | | | | | | | | | | | | | | | | | | | |
| Administration | 1 | na | na | na | 13 | 6 | 13 | 8 | 16 | 8 |
| Building services | | na | na | na | 10 | 0 | 11 | 0 | 12 | 0 |
| Development | | na | na | na | 2 | 0 | 2 | 0 | 2 | 0 |
| Finance | | na | na | na | 8 | 0 | 8 | 0 | 8 | 0 |
| Fleet | | na | na | na | 7 | 0 | 7 | 0 | 7 | 0 |
| Human resources | | na | na | na | 5 | 0 | 5 | 0 | 5 | 0 |
| Revenue | | na | na | na | 7 | 0 | 9 | 0 | 10 | 0 |
| Support services/mis | | na | na | na | 8 | 0 | 8 | 0 | 8 | 0 |
| Total general government | | na | na | na | 60 | 6 | 63 | 8 | 68 | 8 |
| Public safety | | | | | | | | | | | | | | | | | | | | |
| Police | | | | | | | | | | | | | | | | | | | | |
| Officers | 2 | na | na | na | 139 | 0 | 143 | 0 | 154 | 0 |
| Civilians | 3 | na | na | na | 29 | 10 | 35 | 12 | 33 | 12 |
| Fire | | | | | | | | | | | | | | | | | | | | |
| Firefighters and officers | 4 | na | na | na | 149 | 12 | 149 | 12 | 152 | 12 |
| Civilians | | na | na | na | 1 | 0 | 1 | 0 | 1 | 0 |
| Homeland security | 5 | na | na | na | 0 | 0 | 1 | 0 | 1 | 0 |
| Inspection services | | na | na | na | 19 | 0 | 19 | 0 | 21 | 0 |
| Communications/dispatch | 5 | na | na | na | 27 | 0 | 28 | 0 | 28 | 1 |
| Total public safety | | na | na | na | 364 | 22 | 376 | 24 | 390 | 25 |
| Library | | na | na | na | 41 | 49 | 42 | 53 | 44 | 56 |
| Municipal court | | na | na | na | 10 | 1 | 12 | 1 | 14 | 0 |
| Highway and roadway | | | | | | | | | | | | | | | | | | | | |
| Engineering and horticulture | | na | na | na | 5 | 0 | 5 | 0 | 5 | 0 |
| Public works | | na | na | na | 33 | 0 | 34 | 0 | 35 | 0 |
| Total highway and roadway | | na | na | na | 38 | 0 | 39 | 0 | 40 | 0 |
| Recreation services | | | | | | | | | | | | | | | | | | | | |
| Recreation/senior center | | na | na | na | 18 | 35 | 19 | 33 | 21 | 34 |
| Park maintenance | | na | na | na | 36 | 6 | 36 | 6 | 36 | 6 |
| Total recreation services | | na | na | na | 54 | 41 | 55 | 39 | 57 | 40 |
| Health | | | | | | | | | | | | | | | | | | | | |
| Animal control | | na | na | na | 2 | 0 | 2 | 0 | 2 | 0 |
| Total health | | na | na | na | 2 | 0 | 2 | 0 | 2 | 0 |
| Sewer | | na | na | na | 1 | 0 | 1 | 0 | 1 | 0 |
| Total approved positions | | na | na | na | 570 | 119 | 590 | 125 | 616 | 129 |

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).

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 | | | | | | | | | |
|---------------------------------------|--|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Function | | | | | | | | | | | |
| General Government | | | | | | | | | | | |
| | Employees hired | ⁷ na | na | na | na | na | 134 | 82 | 79 | 122 | 116 |
| | Business licenses issued | ⁸ na | 6,576 | 6,750 | 7,070 | 7,415 | 7,807 | 8,166 | 8,678 | 8,887 | 8,969 |
| Public safety: | | | | | | | | | | | |
| Police | | | | | | | | | | | |
| | Arrests | ³ 2,342 | 2,329 | 2,309 | 2,369 | 2,158 | 2,334 | 2,516 | 2,625 | 3,058 | 3,118 |
| | Traffic citations | ³ na | na | na | na | na | na | na | na | na | 17,555 |
| Fire | | | | | | | | | | | |
| Number of calls: | | | | | | | | | | | |
| | Emergency medical services | ⁶ na | na | na | na | na | na | na | na | 5,029 | 5,609 |
| | Fire/other | ⁶ na | na | na | na | na | na | na | na | 2,801 | 3,384 |
| Inspections | | | | | | | | | | | |
| | Building permits issued | 1,622 | 1,633 | 1,594 | 1,571 | 1,470 | 1,620 | 1,836 | 2,060 | 1,872 | 1,940 |
| Library | | | | | | | | | | | |
| | Materials checked out | ⁹ na | 699,921 | 700,643 | 685,621 | 432,102 | 868,344 | 962,086 | 1,072,196 | 1,141,311 | 1,262,067 |
| Municipal court | | | | | | | | | | | |
| | Caseload | ⁵ na | na | 11,115 | 15,048 | 13,851 | 11,727 | 11,918 | 13,978 | 20,115 | 26,905 |
| Sanitation | | | | | | | | | | | |
| Single homes: | | | | | | | | | | | |
| | Regular garbage service | ⁴ na | na | na | na | na | na | na | na | 20,448 | 21,279 |
| | Backdoor garbage service | na | na | na | na | na | na | na | na | 50 | 50 |
| Recreation services | | | | | | | | | | | |
| | Average daily recreation center visits | ² na | na | na | na | na | na | na | 484 | 441 | 494 |
| Sewer | | | | | | | | | | | |
| Average daily flow (gallons per day): | | | | | | | | | | | |
| | Inverness | ¹⁰ 426,000 | 502,000 | 440,000 | 351,000 | 577,000 | 884,000 | 837,000 | 852,000 | 795,000 | 963,000 |
| | Riverchase | ¹⁰ 1,548,000 | 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 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 | | | | | | | | | |
|----------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General government | | | | | | | | | | |
| Vehicles | na | na | na | na | na | na | na | na | na | 33 |
| Public safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Substations | 1 | 1 | 1 | 1 | 1 | 3 | 2 | 3 | 3 | 3 |
| Vehicles | na | na | na | na | na | na | na | na | na | 196 |
| Fire: | | | | | | | | | | |
| Fire stations | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Vehicles | na | na | na | na | na | na | na | na | na | 50 |
| Other public safety: | | | | | | | | | | |
| Vehicles | na | na | na | na | na | na | na | na | na | 18 |
| Library | | | | | | | | | | |
| Vehicles | na | na | na | na | na | na | na | na | na | 2 |
| Municipal Court | | | | | | | | | | |
| Vehicles | na | na | na | na | na | na | na | na | na | 4 |
| Highway and roadways | | | | | | | | | | |
| Streets (miles) | na | na | na | na | na | na | 307 | 307 | 307 | 334 |
| Streetlights | na | na | na | na | na | na | na | na | na | 495 |
| Traffic signals: | | | | | | | | | | |
| Jefferson County | na | na | na | na | na | na | na | na | 66 | 66 |
| Shelby County | na | na | na | na | na | na | na | na | 30 | 30 |
| Vehicles | na | na | na | na | na | na | na | na | na | 49 |
| Recreation services | | | | | | | | | | |
| Lakes ³ | na | na | na | na | na | na | na | na | na | 6 |
| Parks ³ | na | na | na | na | na | na | na | na | 21 | 22 |
| Vehicles | na | na | na | na | na | na | na | na | na | 36 |
| Health | | | | | | | | | | |
| Vehicles | na | na | na | na | na | na | na | na | na | 3 |
| Sewer | | | | | | | | | | |
| Sanitary sewer miles | na | na | na | na | | | | | 86 | |
| Vehicles | na | na | na | na | na | na | na | na | na | 1 |

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

² Fiscal years 2003 and 2004 reflect prior period adjustments that were made in subsequent years relating to capital assets

³ Source: Risk management