

THE CITY OF HOOVER, ALABAMA

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2004

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, 2004

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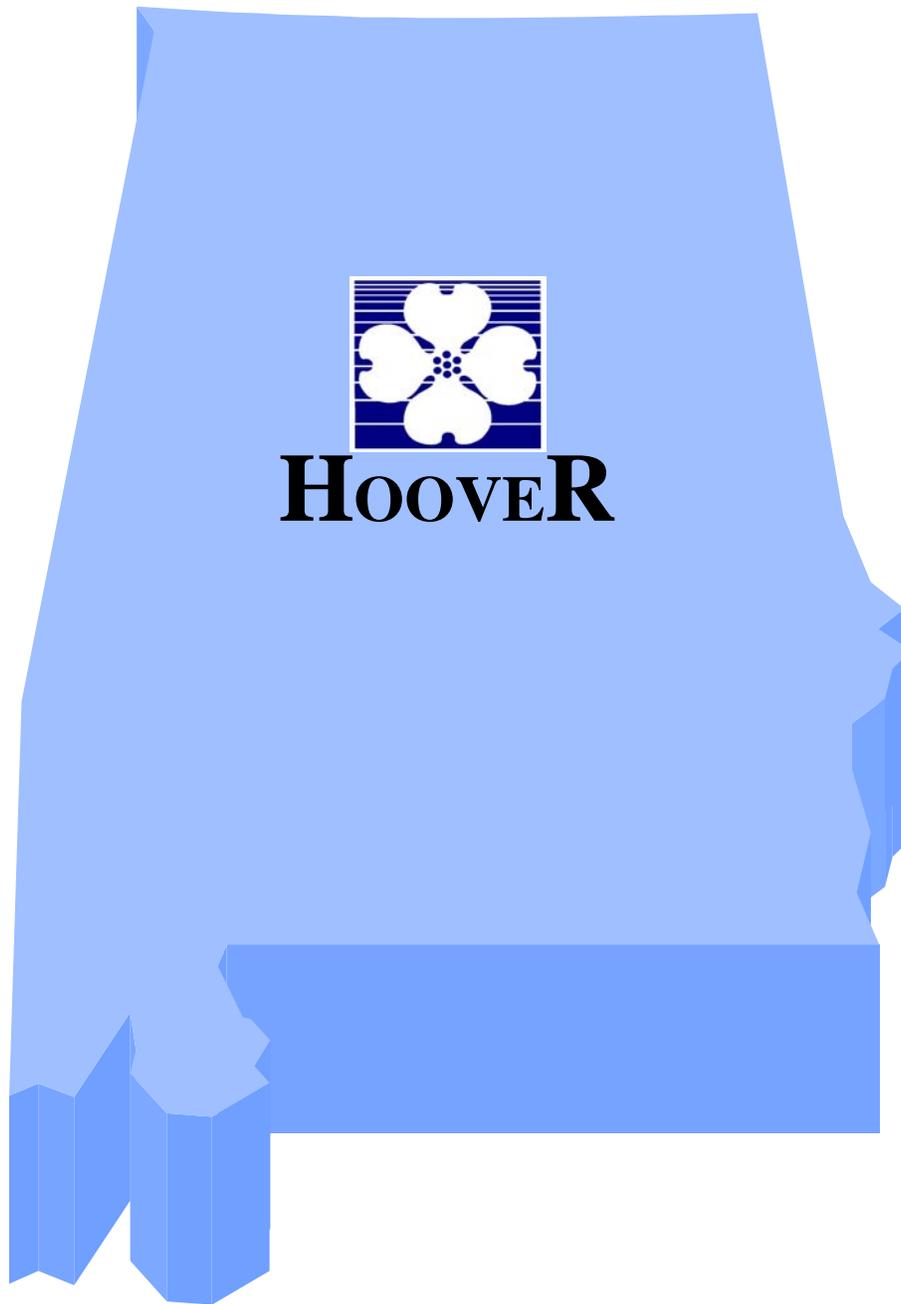
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INTRODUCTORY SECTION

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The City of Hoover has a population of 70,060 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, 2005

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, 2004, 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 Hullett, Kellum, & McKinney, P.C. 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.

As specified by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), the City implemented a new format in its financial reporting for fiscal year 2003. The new format provides Government-wide and Fund financial statement presentations. The objective of GASB 34 is to increase the understandability and usefulness of the City of Hoover's financial report to its readers, including its citizenry, executive and legislative bodies, and investors and creditors. An integral new aspect of this format is the Management Discussion and Analysis (MD&A) section. Accountability is the primary focus of government financial reports. The City believes this new financial reporting model will not only facilitate readability, but also provide an overall view of the City's economic condition and financial position to its readers, as detailed in the MD&A.

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.

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 five "at large" council members. Beginning with fiscal year 2005, the number of "at large" council members was raised to seven. 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 ever since. From 1990 to 2000, Shelby County was the fastest growing county in Alabama with an increase in population of 44.2%. During the same time period, the City's population increased by 58%, making the City the sixth largest in the state based on population. Currently, the City's population is estimated to be approximately 70,060, which exemplifies its continued growth and it comprises approximately 39 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, McRae's, Proffitt'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 24% 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 new 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 new Village of Lee Branch commercial center.

Component Units

With the issuance in May 2002 of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* - an amendment of GASB Statement No. 14, the City reevaluated its three component units. In previous years, the City included its school board, library board, and parks and recreation board as discretely presented component units. Upon review it has been determined that the City has no component units.

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.

Pension Administration

The City contributes to the Employers' Retirement System of Alabama (System), an agent multiple-employer retirement system that acts as a common investment and administrative agent for state employees and public organizations. State correctional officers, certified full-time firefighters, and certified full-time law enforcement officers contribute 6% of their annual compensation to the System while other full-time employees contribute 5% of their annual compensation. The City is required to contribute the remaining amounts necessary to fund the System, using the entry age normal actuarial method as specified by statute, which is currently 8.39%, an increase from fiscal 2004 where it was 7.45%. For 2004, the City's annual pension cost of \$2,269,134 for the System was equal to the City's required and actual contributions.

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.

Proprietary Operations

The City’s only enterprise fund is the Sewer Enterprise Fund, which accounts for the operations of the Riverchase and Inverness wastewater treatment plants.

The Sewer Enterprise Fund incurred a net operating gain of \$1,476,404 for the fiscal year ended September 30, 2004 and a net operating loss of \$409,517 for the fiscal year ended September 30, 2003. The net cash that was provided by operating activities totaled \$2,870,564 in fiscal 2004 and \$1,277,829 in fiscal 2003.

Debt Administration

As of September 30, 2004, the City had a number of debt issues outstanding. These issues included general obligation warrants totaling \$111,280,000 for the General Fund, as well as \$15,800,000 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. 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 (see pages 21-40).

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 ending September 30, 2004 increased by 5.08% over the fiscal year ending September 30, 2003.

The following schedule presents a summary of revenues for all Governmental Funds for the fiscal year ended September 30, 2004, with the amount and percentage of increase (decrease) in relation to the fiscal year ended September 30, 2003.

Below revenues are broken down by major categories. Although some individual categories decreased, overall revenues increased by \$4,165,850 or 5.08% over the previous year. The two largest sources of revenue by major category are taxes and licenses and permits, which comprise 86.80% of total revenues. These two sources of revenue increased 9.78% and 12.56% respectively in FY 2004.

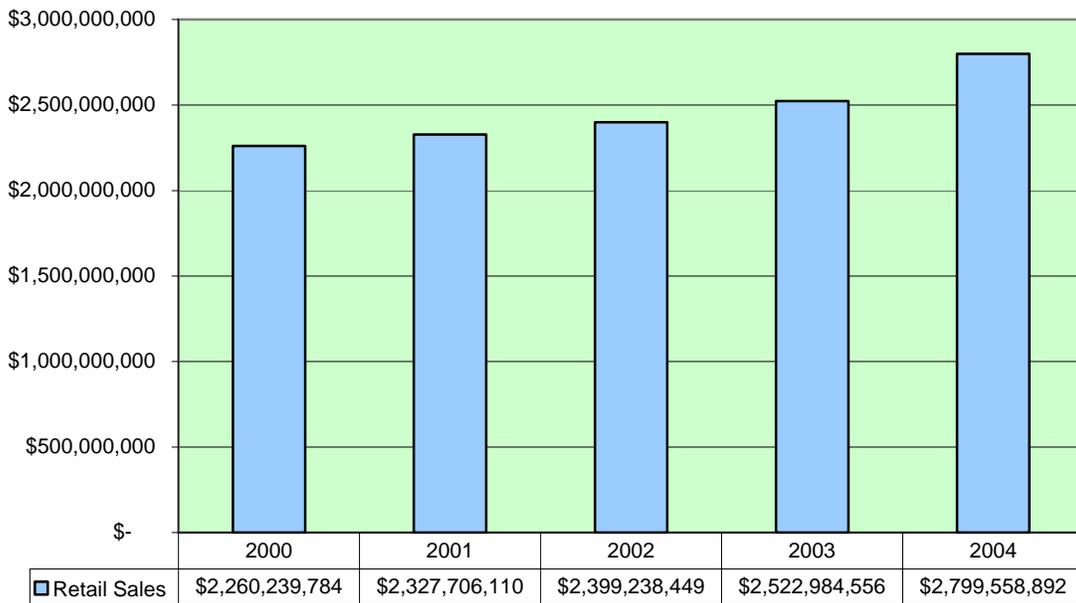
Revenues	FY 2004 Amount	Percent of Total	FY 2003 Amount	Increase (Decrease) From FY 2003	Percent of Increase (Decrease)
Taxes	\$ 66,101,452	76.65 %	\$ 60,214,892	\$ 5,886,560	9.78 %
Licenses and permits	8,750,751	10.15	7,774,194	976,557	12.56
Intergovernmental	4,095,296	4.75	5,952,367	(1,857,071)	(31.20)
Fines and forfeits	1,881,578	2.18	1,277,982	603,596	47.23
Investment income	1,795,771	2.08	1,379,526	416,245	30.17
Charges for services	2,269,281	2.63	2,285,998	(16,717)	(0.73)
Rents and royalties	375,860	0.44	358,432	17,428	4.86
Contributions and reimbursements	758,743	0.88	1,439,052	(680,309)	(47.27)
Other	209,312	0.24	1,389,750	(1,180,438)	(84.94)
Total revenues	<u>\$ 86,238,043</u>	<u>100.00 %</u>	<u>\$ 82,072,193</u>	<u>\$ 4,165,850</u>	<u>5.08 %</u>

As shown above, the Intergovernmental category had the most decrease in revenue by dollar amount over the previous year. The decrease was 31.20% or \$1,857,071. Most of this (\$1,528,658) is attributed to a construction project connector road that was built and partially reimbursed by the State of Alabama.

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 continue 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 \$276,574,336 over the previous year for a total of \$2,799,558,892. This represented a 10.96% increase. Much of this can be contributed 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
LAST FIVE YEARS**

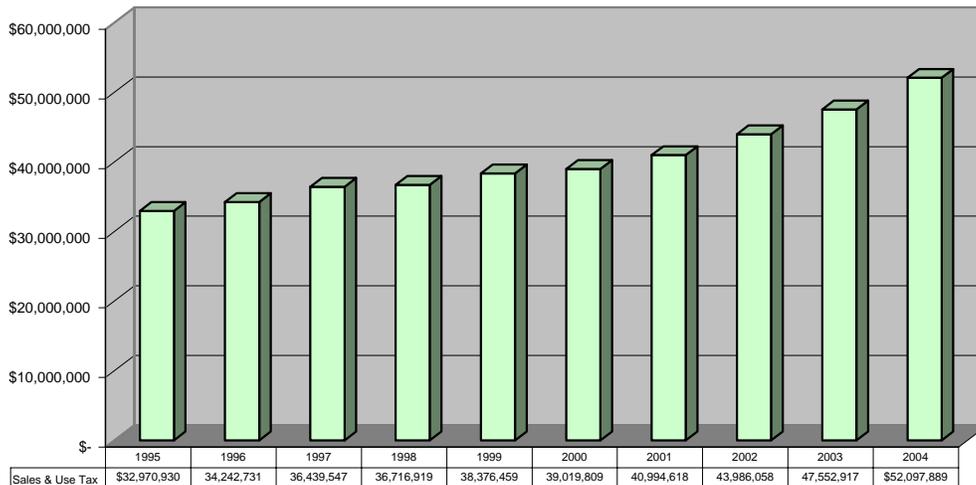


Sales and use taxes are the greatest source of revenue to the City. Continued commercial expansion has resulted in greater sales and use tax revenues in each of the past 10 years. The chart and table below depict the past ten years of sales and use tax revenue collected by the City. Because GASB 34 has 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>
1995	\$ 32,970,930	27.35 %	\$ 49,710,648	66.33 %
1996	34,242,731	3.86	51,391,823	66.63
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 %

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

SALES AND USE TAX REVENUE
FY 1995 TO FY 2004



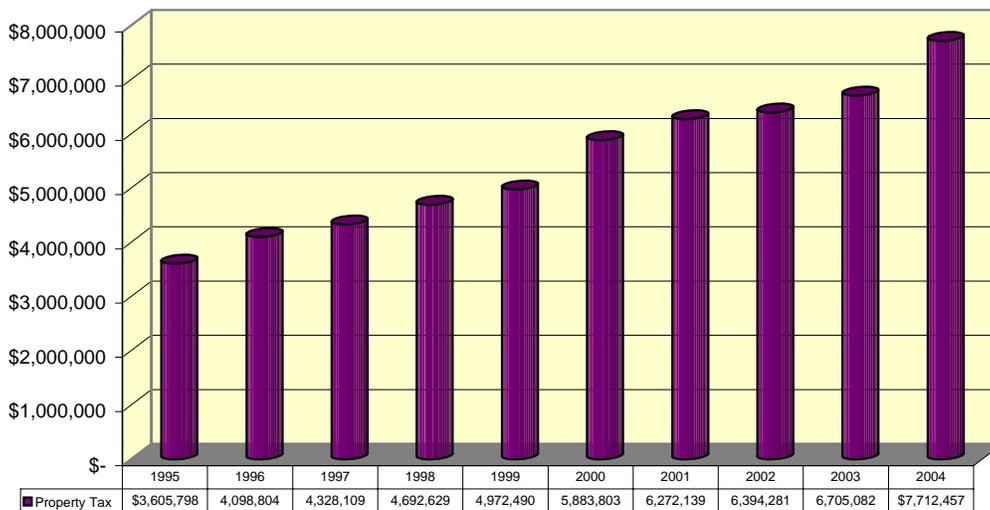
The second largest revenue source for the City is property tax, which comprises 8.94% of total revenues for governmental fund types. A 10 year summary of property tax is as follows:

<u>Fiscal Year</u>	<u>Property Tax Revenue</u>	<u>Percent of Increase (Decrease) from Previous Year</u>	<u>Total All Governmental Fund Types</u>	<u>Percent of Total Revenue</u>
1995	\$ 3,605,798	14.72 %	\$ 49,710,648	7.25 %
1996	4,098,804	13.67	51,391,823	7.98
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 %

* 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 15.02% over FY 2003.

**PROPERTY TAX REVENUE
FY 1995 TO FY 2004**



Long-term Financial Planning

In order to prepare for the future, the City engages in a multi-year outlook for its capital budget. In particular, this outlook includes a five-year forecast for recommended projects as well as a funding mechanism, usually transfers out of the General Fund, to finance the projects. This five year capital plan is then combined with a five year forecast for the General Fund in order to incorporate funding the transfers required to cover the recommended or approved projects. The General Fund forecast includes five year revenue and expenditure forecasts based on the information known to date. In addition, any known operating impacts or funding increases from an additional capital project is included in the General Fund forecast. The City utilizes this compilation of information in order to make affordable financial decisions currently and in the future.

For the Future

The City of Hoover continues to strive for excellence in service delivery to its citizens. Individual departments have set future goals for themselves that will not only enhance City services, but also modernize the services provided. Many of the goals involve external, as well as internal partnerships. A few of the goals to move the City forward are described below.

One of the major initiatives of the administration is to further address the space issues for employees so that they can continue to provide the level of service that citizens have come to expect. Departments that still need to address their space issues are dispatch and police. Recently, the City remodeled an existing building that they purchased in fiscal year 2000 for office space and the expansion of our city jail. This alleviated some of the overcrowding that had begun to take place among many departments. The goal is to remodel that same facility to address the dispatch and police needs.

A second major initiative is the progression of Hoover's new golf course, hotel and conference center. The extension of Ross Bridge Parkway to Shannon Road is under construction and expected to be completed early in 2005. The new roadway will offer an alternative route for Shades Crest Road. In addition, it will be the main entrance to a new development, Ross Bridge, which will include homes, shops, golf, and a hotel/conference center. The Retirement Systems of Alabama (RSA), USS, Daniel Corporation, Jefferson County, and the City of Hoover are all part of a public-private partnership that is providing funding. RSA is investing \$55 million to build the 262 room hotel, a championship golf course, and combined with a \$6 million contribution from the City of Hoover, a conference center that will offer meeting rooms and banquet facilities for up to 780 persons. At build out, Ross Bridge will be a community of 2,370 new residential units and an elementary school.

All in all, Hoover has many exciting developments occurring that will expand the City's attraction and thus tax base. At the same time, Hoover has had many private reinvestments in the City, which have redeveloped older areas of the City. With the old and new, the City of Hoover will only continue to maintain its retail hub status for the State of Alabama.

OTHER INFORMATION

Awards

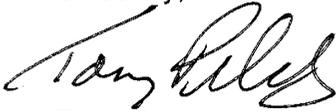
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2003. This was the twenty-second consecutive year that the City has received 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, Hullett, Kellum, & McKinney, P.C. 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, 2003

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.



Nancy L. Zielle

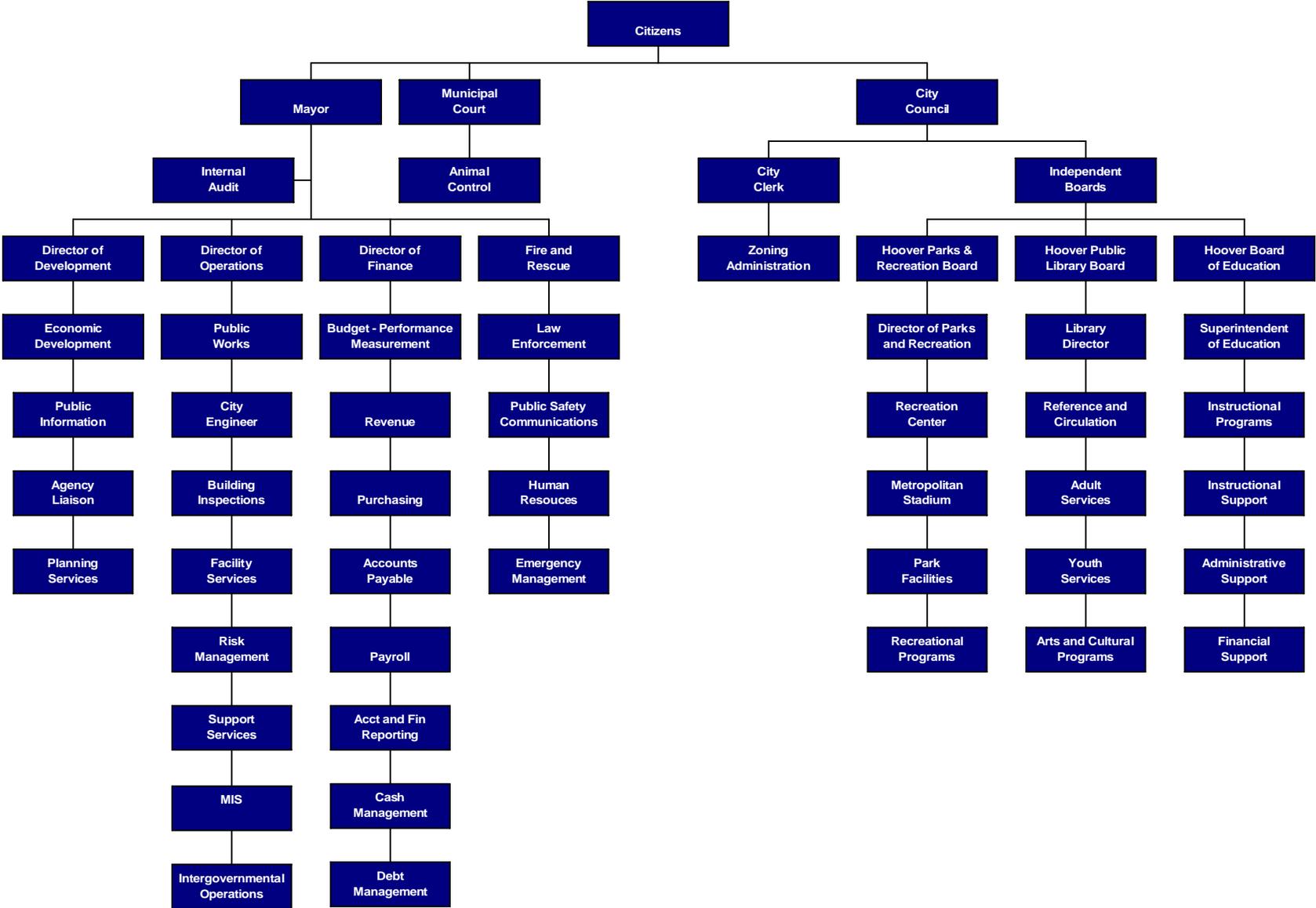
President

Jeffrey R. Emer

Executive Director

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**City of Hoover, Alabama
Organization Chart
Fiscal Year 2004**



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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 AUDITOR'S 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, 2004, 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, 2004 and the respective changes in financial position and cash flow, 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 2, 2005 on our consideration of the City's internal control over financial reporting and 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 result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedules for the modified approach on pages 21 through 40 and 71 through 86 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 financial statements, budget to actual comparison schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and budget to actual comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Hullett, Kellum & McKinney PC". The signature is written in a cursive, flowing style.

Hullett, Kellum & McKinney, P.C.

March 2, 2005

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 ending September 30, 2004. 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). Since this is the second year for implementation of GASB 34, comparative data is shown.

FINANCIAL HIGHLIGHTS

- The assets of the City of Hoover exceeded its liabilities at the close of the fiscal year ending September 30, 2004, by \$310,910,421. Of this amount, \$26,859,710 is restricted for capital projects and \$26,675,062 may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$12,209,146 or 4.09%. A detailed explanation of this increase can be viewed on page 28 of this MD&A.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$60,514,936, a decrease of \$12,906,735 in comparison with the prior year. Approximately \$59,735,226 of this total amount is available for spending at the government's discretion (unreserved fund balance).
- Total net assets for governmental activities increased by \$11,338,639, thus bringing the total to \$288,155,293 for fiscal year 2004. However, \$1,809,991 of this amount resulted from a prior period adjustment to capital assets. Thus, the change in net assets for fiscal year 2004 was \$9,528,648.

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 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, and 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).

The City of Hoover maintains twenty 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 seventeen non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and individual budgetary comparison schedules later in this report (beginning on page 87).

The City of Hoover adopts an annual appropriated budget for its general, special revenue, and capital projects funds. A budgetary comparison statement has been provided for the all 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 illuminate understanding the data represented in the government-wide and fund financial statements (see pages 51-70).

Other information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information that details the implementation of the modified approach to accounting for its streets and bridges infrastructure assets. With the implementation of GASB Statement No. 34, the City must now report its infrastructure assets. The City opted to adopt the modified approach for its streets and bridges. By using this approach, the City will not depreciate expense of these assets. Thus, for the fiscal year ending 2003, the City conducted a comprehensive inventory and valuation on all of its streets and bridges for the first time. More detailed information on this approach is available in the Notes to Required Supplementary Information, which begins on page 77.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets

The City's total assets on its Statement of Net Assets for fiscal year 2004 totaled \$452,675,638, of which \$413,956,475, or 91.45% was from governmental activities. While there was an increase of \$10,448,894 for assets in governmental activities, the percentage represented was relatively the same in comparison with fiscal year 2003, which was 91.29%.

Business-type activities made up \$38,719,163, or 8.55% of total assets for fiscal year 2004. While there was an increase of \$212,207, likewise, the percentage represented was relatively the same in comparison with fiscal year 2003, which was 8.71%.

As shown in the summary below, noncurrent or capital assets (net of depreciation) comprise 84.67% of total assets, which is an increase from fiscal year 2003 where the percentage was 82.30%. For fiscal 2004, current assets comprised 14.99% of all assets, a decrease from fiscal year 2003 where the percentage was 17.31%. Other assets and long-term receivables make up a small percentage of total assets, .19% and .15%, respectively.

Breakdown of Assets - Statement of Net Assets - Actual

Category	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Current assets	\$ 78,321,974	\$ 68,148,067	\$ (1,811,114)	\$ (301,577)	\$ 76,510,860	\$ 67,846,490
Noncurrent assets (capital assets, net of depreciation)	323,694,069	344,478,335	40,084,673	38,800,983	363,778,742	383,279,318
Other assets	714,093	649,405	233,397	219,757	947,490	869,162
Long-term receivables	<u>777,445</u>	<u>680,670</u>	<u>-</u>	<u>-</u>	<u>777,445</u>	<u>680,670</u>
Total Assets	<u>\$ 403,507,581</u>	<u>\$ 413,956,475</u>	<u>\$ 38,506,956</u>	<u>\$ 38,719,163</u>	<u>\$ 442,014,537</u>	<u>\$ 452,675,638</u>

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

Category	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Current assets	19.41%	16.46%	-4.70%	-0.78%	17.31%	14.99%
Noncurrent assets (capital assets, net of depreciation)	80.22%	83.22%	104.10%	100.21%	82.30%	84.67%
Other assets	0.18%	0.16%	0.61%	0.57%	0.21%	0.19%
Long-term receivables	<u>0.19%</u>	<u>0.16%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.18%</u>	<u>0.15%</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	
	2003	2004	2003	2004	2003	2004
Current assets	102.37%	100.44%	-2.37%	-0.44%	100.00%	100.00%
Noncurrent assets (capital assets, net of depreciation)	88.98%	89.88%	11.02%	10.12%	100.00%	100.00%
Other assets	75.37%	74.72%	24.63%	25.28%	100.00%	100.00%
Long-term receivables	<u>100.00%</u>	<u>100.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Total Assets	<u>91.29%</u>	<u>91.45%</u>	<u>8.71%</u>	<u>8.55%</u>	<u>100.00%</u>	<u>100.00%</u>

Liabilities

The City's total liabilities on its Statement of Net Assets totaled \$141,765,217 of which \$125,801,182, or 88.74% was from governmental activities. While there was a decrease of \$889,745 for liabilities in governmental activities, the percentage represented was relatively the same in comparison with fiscal year 2003, which was 88.40%.

Business-type activities made up \$15,964,035, or 11.26% of total liabilities for fiscal year 2004. While there was a decrease of \$658,300, likewise, the percentage represented was relatively the same in comparison with fiscal year 2003, which was 11.60%.

As shown in the summary below, long-term liabilities consisting of compensated absences, net bonds/warrants payable, and claims payable comprise 87.63% of total liabilities, with current liabilities comprising 12.37%. The percentage represented was a change from fiscal year 2003, which was 90.60% and 9.40% respectively.

Breakdown of Liabilities - Statement of Net Assets - Actual

Category	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Current liabilities:						
Accounts payable and accrued liabilities	\$ 5,677,768	\$ 8,078,408	\$ 130,350	\$ 150,490	\$ 5,808,118	\$ 8,228,898
Interest payable	672,638	666,429	-	-	672,638	666,429
Deferred revenue and refundable deposits	-	235,392	-	-	-	235,392
Bonds and warrants payable	4,095,000	4,220,000	680,000	710,000	4,775,000	4,930,000
Compensated absences	2,200,130	3,463,483	11,985	8,692	2,212,115	3,472,175
Long-term liabilities:						
Compensated absences	2,985,101	2,532,463	-	4,853	2,985,101	2,537,316
Bonds and warrants payable, net	110,023,367	105,883,669	15,800,000	15,090,000	125,823,367	120,973,669
Claims payable	1,036,923	721,339	-	-	1,036,923	721,339
Total Liabilities	<u>\$ 126,690,927</u>	<u>\$ 125,801,182</u>	<u>\$ 16,622,335</u>	<u>\$ 15,964,035</u>	<u>\$ 143,313,262</u>	<u>\$ 141,765,217</u>

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

Category	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Current liabilities:						
Accounts payable and accrued liabilities	4.48%	6.42%	0.78%	0.94%	4.05%	5.80%
Interest payable	0.53%	0.53%	0.00%	0.00%	0.47%	0.47%
Deferred revenue and refundable deposits	0.00%	0.19%	0.00%	0.00%	0.00%	0.17%
Bonds and warrants payable	3.23%	3.35%	4.09%	4.45%	3.33%	3.48%
Compensated absences	1.74%	2.75%	0.07%	0.05%	1.54%	2.45%
Long-term liabilities:						
Compensated absences	2.36%	2.01%	0.00%	0.03%	2.08%	1.79%
Bonds and warrants payable, net	86.84%	84.17%	95.05%	94.52%	87.80%	85.33%
Claims payable	0.82%	0.57%	0.00%	0.00%	0.72%	0.51%
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	
	2003	2004	2003	2004	2003	2004
Current liabilities:						
Accounts payable and accrued liabilities	97.76%	98.17%	2.24%	1.83%	100.00%	100.00%
Interest payable	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%
Deferred revenue and refundable deposits	0.00%	100.00%	0.00%	0.00%	0.00%	100.00%
Bonds and warrants payable	85.76%	85.60%	14.24%	14.40%	100.00%	100.00%
Compensated absences	99.46%	99.75%	0.54%	0.25%	100.00%	100.00%
Long-term liabilities:						
Compensated absences	100.00%	99.81%	0.00%	0.19%	100.00%	100.00%
Bonds and warrants payable, net	87.44%	87.53%	12.56%	12.47%	100.00%	100.00%
Claims payable	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%
Total Liabilities	<u>88.40%</u>	<u>88.74%</u>	<u>11.60%</u>	<u>11.26%</u>	<u>100.00%</u>	<u>100.00%</u>

Net Assets

The City's entity-wide net assets totaled \$310,910,421. Governmental activities comprised \$288,155,293, or 92.68% of the total net assets for fiscal year 2004. While there was an increase of \$11,338,639 (of which \$1,809,991 was a prior period adjustment) for net assets in governmental activities, the percentage represented was relatively the same in comparison with fiscal year 2003, which was 92.67%.

Business-type activities made up \$22,755,128, or 7.32% of total net assets for fiscal year 2004. While there was an increase of \$870,507, likewise, the percentage represented was relatively the same in comparison with fiscal year 2003, which was 7.33%.

The largest portion of the City's assets is restricted. In particular, \$26,859,710, or 8.64% of net assets is restricted for capital projects and \$257,375,649, or 82.78% 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 91.42% for fiscal year 2004, as compared with fiscal year 2003 at 92.40%.

At the same time, the City has \$26,675,062 or 8.58% 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 \$3,975,516 from fiscal year 2003 to fiscal year 2004.

Summary of Net Assets - Primary Government - Actual

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Invested in capital assets, net of related debt	\$ 209,575,702	\$ 234,374,666	\$ 23,604,673	\$ 23,000,983	\$ 233,180,375	\$ 257,375,649
Restricted for capital projects	42,821,354	26,859,710	-	-	42,821,354	26,859,710
Unrestricted	<u>24,419,598</u>	<u>26,920,917</u>	<u>(1,720,052)</u>	<u>(245,855)</u>	<u>22,699,546</u>	<u>26,675,062</u>
Total net assets	<u>\$ 276,816,654</u>	<u>\$ 288,155,293</u>	<u>\$ 21,884,621</u>	<u>\$ 22,755,128</u>	<u>\$ 298,701,275</u>	<u>\$ 310,910,421</u>

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

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Invested in capital assets, net of related debt	75.71%	81.34%	107.86%	101.08%	78.06%	82.78%
Restricted for capital projects	15.47%	9.32%	0.00%	0.00%	14.34%	8.64%
Unrestricted	<u>8.82%</u>	<u>9.34%</u>	<u>-7.86%</u>	<u>-1.08%</u>	<u>7.60%</u>	<u>8.58%</u>
Total net assets	100.00%	100.00%	100.00%	100.00%	<u>100.00%</u>	<u>100.00%</u>

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

	Governmental Activities		Business-Type Activities		Total	
	2003	2004	2003	2004	2003	2004
Invested in capital assets, net of related debt	89.88%	91.06%	10.12%	8.94%	100.00%	100.00%
Restricted for capital projects	100.00%	100.00%	0.00%	0.00%	100.00%	100.00%
Unrestricted	<u>107.58%</u>	<u>100.92%</u>	<u>-7.58%</u>	<u>-0.92%</u>	100.00%	100.00%
Total net assets	<u>92.67%</u>	<u>92.68%</u>	<u>7.33%</u>	<u>7.32%</u>	<u>100.00%</u>	<u>100.00%</u>

As mentioned above, the largest portion of the City's net assets (82.78%) 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

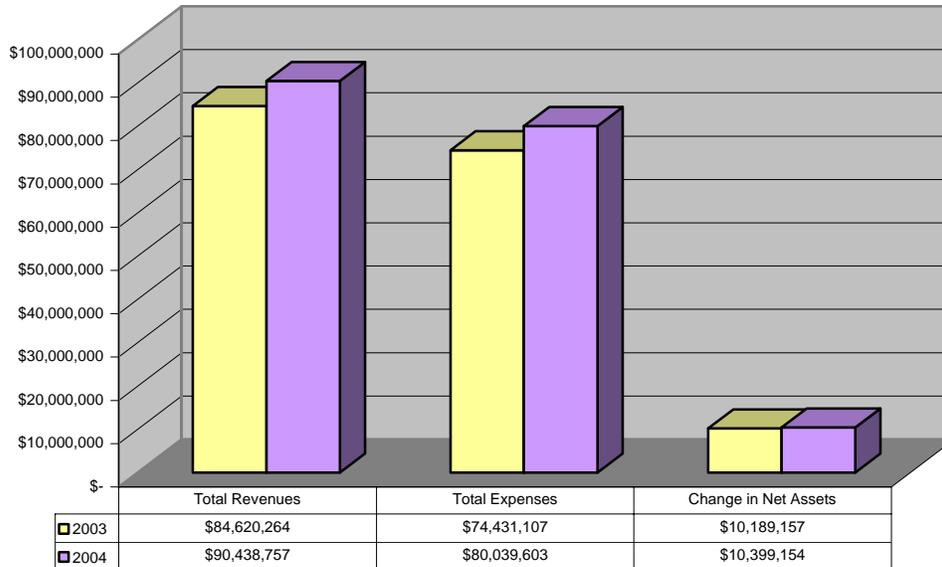
The Statement of Activities includes governmental activities and business-type activities. For the fiscal year ending 2004, governmental activities increased the City's overall net assets by \$9,528,648, while the business-type activities increased by \$870,506 for a total of \$10,399,154. This represented an increase over last year's change in net assets total of \$10,189,157. However, the increase above last year's change was mainly attributed to the sewer enterprise fund or business-type activities, as they went from a change in net assets deficit in fiscal year 2003 of (\$409,517) to a gain of \$870,506 in fiscal year 2004.

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

Category	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
CHANGE IN NET ASSETS AS OF SEPTEMBER 30						
REVENUES						
Program Revenues:						
Charges for services	\$ 11,712,396	\$ 13,282,887	\$ 3,244,883	\$ 4,059,598	\$ 14,957,279	\$ 17,342,485
Operating grants and contributions	2,282,895	2,254,587	-	-	2,282,895	2,254,587
Capital grants and contributions	3,358,490	384,234	-	-	3,358,490	384,234
General Revenues:						
Sales and use taxes	47,552,917	52,097,889	-	-	47,552,917	52,097,889
Property taxes	6,705,083	7,712,457	-	-	6,705,083	7,712,457
Other taxes	5,956,891	6,291,105	-	-	5,956,891	6,291,105
Intergovernmental revenue not restricted	1,935,834	2,215,218	-	-	1,935,834	2,215,218
Unrestricted Investment income	1,378,214	1,790,353	-	-	1,378,214	1,790,353
Contribution of capital assets	-	141,094	-	-	-	141,094
Other revenue	492,661	209,333	-	-	492,661	209,333
Total Revenues	<u>\$ 81,375,381</u>	<u>\$ 86,379,157</u>	<u>\$ 3,244,883</u>	<u>\$ 4,059,598</u>	<u>\$ 84,620,264</u>	<u>\$ 90,438,757</u>
EXPENSES						
Program Activities:						
General government	\$ 9,452,075	\$ 10,372,215	\$ -	\$ -	\$ 9,452,075	\$ 10,372,215
Public safety	29,387,299	32,635,142	-	-	29,387,299	32,635,142
Library	4,127,449	4,295,061	-	-	4,127,449	4,295,061
Municipal court	680,343	756,248	-	-	680,343	756,248
Sanitation	4,546,886	4,210,995	-	-	4,546,886	4,210,995
Education	7,560,622	8,335,662	-	-	7,560,622	8,335,662
Highway and roadway improvements	4,456,794	4,610,589	-	-	4,456,794	4,610,589
Recreation services	6,161,563	6,131,735	-	-	6,161,563	6,131,735
Health	208,017	238,379	-	-	208,017	238,379
Interest and fiscal charges	4,195,659	5,264,484	-	-	4,195,659	5,264,484
Sewer services	-	-	3,654,400	3,189,092	3,654,400	3,189,092
Total Expenses	<u>\$ 70,776,707</u>	<u>\$ 76,850,510</u>	<u>\$ 3,654,400</u>	<u>\$ 3,189,092</u>	<u>\$ 74,431,107</u>	<u>\$ 80,039,603</u>
CHANGE IN NET ASSETS	<u>\$ 10,598,674</u>	<u>\$ 9,528,648</u>	<u>\$ (409,517)</u>	<u>\$ 870,506</u>	<u>\$ 10,189,157</u>	<u>\$ 10,399,154</u>

The above data is summarized in the chart below.

**COMPARISON OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FY 2003 AND FY 2004**



As shown below, overall, from fiscal 2003 to fiscal 2004 there was only a slight change in the breakdown by type of revenue. For fiscal 2003, program revenues comprised 20.37% of all revenues, while general revenues represented 75.66%. Likewise, for fiscal 2004, program revenues comprised 22.09% of all revenues, while general revenues represented 77.91%.

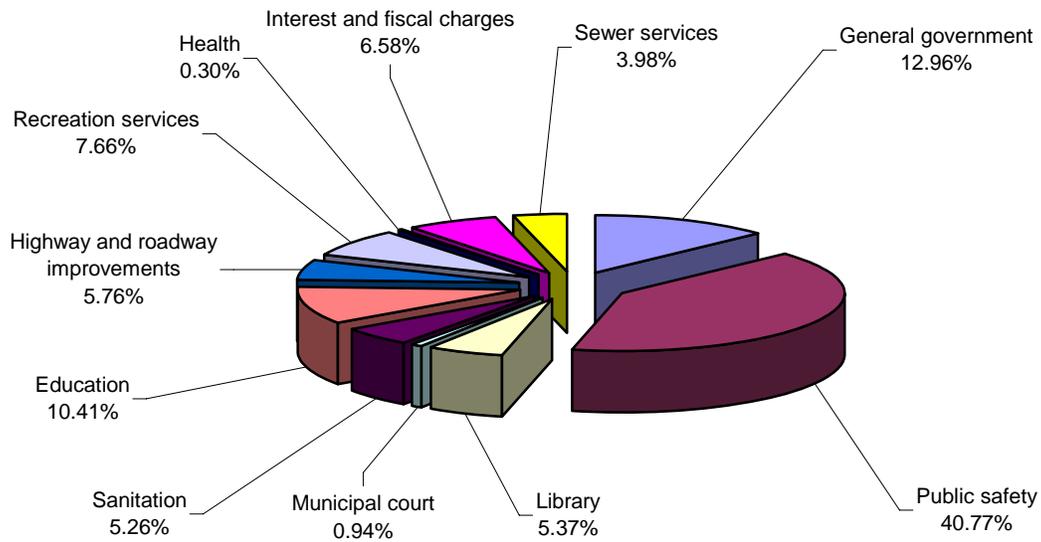
**CHANGE IN NET ASSETS - PERCENTAGE BY CATEGORY
AS OF SEPTEMBER 30**

Category	Governmental Activities		Business-type Activities		Total	
	2003	2004	2003	2004	2003	2004
REVENUES						
Program Revenues:						
Charges for services	14.39%	15.38%	100.00%	100.00%	17.68%	19.18%
Operating grants and contributions	2.81%	2.61%	0.00%	0.00%	2.70%	2.49%
Capital grants and contributions	4.13%	0.44%	0.00%	0.00%	3.97%	0.42%
General Revenues:						
Sales and use taxes	58.44%	60.31%	0.00%	0.00%	56.20%	57.61%
Property taxes	8.24%	8.93%	0.00%	0.00%	7.92%	8.53%
Other taxes	7.32%	7.28%	0.00%	0.00%	7.04%	6.96%
Intergovernmental revenue not restricted	2.38%	2.56%	0.00%	0.00%	2.29%	2.45%
Unrestricted Investment income	1.69%	2.07%	0.00%	0.00%	1.63%	1.98%
Contribution of capital assets	0.00%	0.16%	0.00%	0.00%	0.00%	0.16%
Other revenue	0.61%	0.24%	0.00%	0.00%	0.58%	0.23%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
EXPENSES						
Program Activities:						
General government	13.35%	13.50%	0.00%	0.00%	12.70%	12.96%
Public safety	41.52%	42.47%	0.00%	0.00%	39.48%	40.77%
Library	5.83%	5.59%	0.00%	0.00%	5.55%	5.37%
Municipal court	0.96%	0.98%	0.00%	0.00%	0.91%	0.94%
Sanitation	6.42%	5.48%	0.00%	0.00%	6.11%	5.26%
Education	10.68%	10.85%	0.00%	0.00%	10.16%	10.41%
Highway and roadway improvements	6.30%	6.00%	0.00%	0.00%	5.99%	5.76%
Recreation services	8.71%	7.98%	0.00%	0.00%	8.28%	7.66%
Health	0.29%	0.31%	0.00%	0.00%	0.28%	0.30%
Interest and fiscal charges	5.93%	6.85%	0.00%	0.00%	5.64%	6.58%
Sewer services	0.00%	0.00%	100.00%	100.00%	4.91%	3.98%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
CHANGE IN NET ASSETS	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Expenses

Public safety activities, which include Dispatch, Police, Fire, and Inspections, accounted for 40.77% of the total expenses on the Statement of Activities. After general government expenses that represented 12.96% of expenses, transfers to the school board equated to 10.41%, followed by recreation services, which consists of park maintenance and the parks and recreation department, which comprised 7.66% of total expenses. The chart below illustrates the entire expense breakdown by function and corresponding percentage for fiscal year 2004.

**Functions as a Percentage of Total Expenses - All Activities
FY 2004**

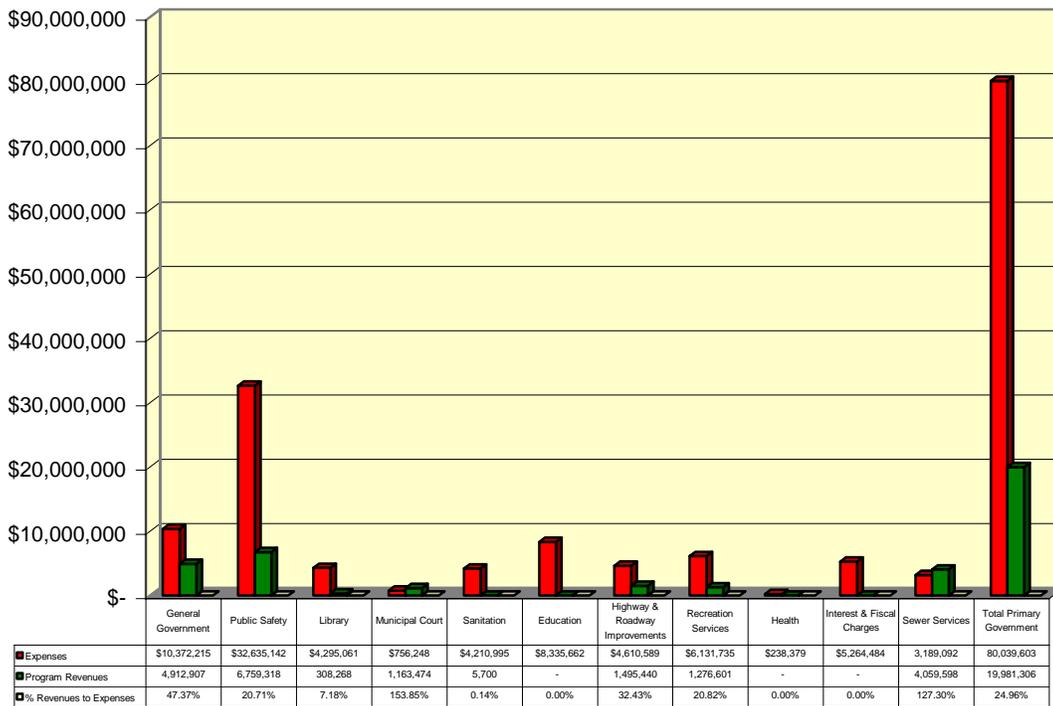


Program Revenues

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 \$6,759,318. The majority of this program revenue comes from inspections, which comprises \$4,525,269 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 2004



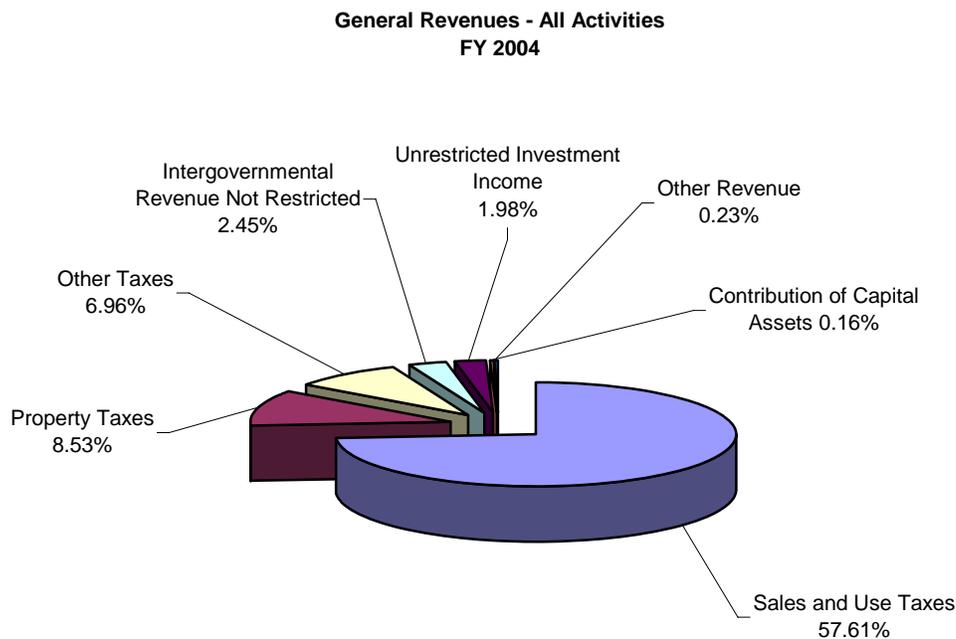
■ Expenses ■ Program Revenues □ Revenues to Expenses

In addition, Municipal Court and Sewer Services are the only programs that take in more revenue than they had expenses. For fiscal year 2004, Municipal Court had expenses totaling \$756,248 and program revenues totaling \$1,163,474, which represented 153.85% of revenues to expenses. It is important to note that the Municipal Court department is classified as a special revenue fund. However, \$846,760 of the revenue, fines and bond forfeitures, does go into the General Fund. The balance, \$316,714, is accounted for in three special revenue funds as required by state law: 1) Court Correction Fund, 2) Court Training Fund, and 3) Traffic Safety Fund.

Sewer Service expenses for fiscal year 2004 totaled \$3,189,092 and program revenues totaled \$4,059,598, which represented 127.30% 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 22.09% of their expenses (\$80,039,603) from program revenue (\$19,981,306). The balance of these programs is funded through general revenues that totaled \$70,457,451. Sales and use tax encompass the overwhelming percentage of general revenues, making up \$52,097,889 of them, which is 57.61%. The second largest category that contributes to general revenues is property tax, which comprises \$7,712,457, or 8.53%. The pie chart below depicts the percentage breakdown for all general revenues in the Statement of Activities for fiscal year 2004. However, business-type activities did not have any general revenues.



In summary, after taking into account total expenses, total program revenues, and total general revenues for governmental activities in the Statement of Activities, net assets increased by \$10,399,154 for the primary government. As a result, the net assets at the end of the year totaled \$310,910,421 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 2004.

	Governmental Funds			Other	Total
	General Fund	Capital Projects Fund	GOW Capital Projects Fund	Governmental Funds	Governmental Funds
Total revenues	81,563,983	508,099	374,461	3,791,501	86,238,043
Total expenditures	72,088,817	2,978,234	20,457,260	3,620,467	99,144,778
Total other financing sources (uses)	(7,800,759)	6,600,000	-	1,200,759	-
Net change in fund balances	1,674,407	4,129,865	(20,082,800)	1,371,793	(12,906,735)
Fund balances, beginning of year	27,592,889	13,451,637	29,361,008	3,016,137	73,421,671
Fund balances, end of year	<u>\$ 29,267,296</u>	<u>\$ 17,581,502</u>	<u>\$ 9,278,208</u>	<u>\$ 4,387,930</u>	<u>\$ 60,514,936</u>
Percent of fund balance to expenditures	40.60%	590.33%	45.35%	121.20%	61.04%

Other than the general fund, the City only has two other major funds. They are the capital projects fund and the GOW capital projects fund. All other funds, which consist of special revenues funds and other capital project funds, are lumped into the other governmental funds column.

As of September 30, 2004, the City of Hoover's governmental funds reported combined ending fund balances of \$60,514,936. Approximately \$59,735,226 or 98.71% 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, and prepaid items in the amount of \$779,710.

In fiscal year 2003, the combined governmental ending fund balances were \$73,421,671. The total end of the year fund balances decreased by \$12,906,735 from fiscal 2003 to fiscal 2004. All of this decrease can be attributed to the GOW capital projects fund, which had a net change in fund balance for fiscal year 2004 of (\$20,082,800). These warrant funds were used to help complete several projects the City has undertaken.

General Fund

The general fund is the chief operating fund for the City of Hoover. As of September 30, 2004, the total fund balance of the general fund was \$29,267,396 as compared with September 30, 2003 where it was \$27,592,870, an increase of \$1,674,426, or 6.07%. The end of the year fund balance for fiscal year 2004 represents approximately 40.60% 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, 2004, the total ending fund balance for the capital projects fund and the GOW capital projects fund was \$17,581,502 and \$9,278,208, respectively. Although none of this is reserved, the City does have several commitments that are to be funded from this fund, and the GOW capital projects fund. These commitments represent projects that have been approved in the City's five-year capital plan and have been started, but not completed. The total city portion of commitments is estimated at \$17,931,435 for both of these funds. Together, these two funds have a combined 2004 fiscal year end fund balance of \$26,859,710. Generally, the City budgets transfers from the General Fund to cover new approved capital projects. The five year plan facilitates this process and provides a mechanism for financial stewardship.

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 fund(s) they may run through.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively small compared to the total budget. As shown below, budgeted revenues increased by \$3,144,000, or 4.08% of the original budget. Four categories of revenue comprised this change: taxes, licenses and permits, investment income, and other revenue. 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 \$3,000,000, while the final budget was \$6,600,000.

In addition, total expenditures increased by \$1,261,555, or 1.77%. As shown in the data below, the public safety and education expenditure budgets increased the most by \$400,200 and \$355,498, respectively. The City's education budget for fiscal year was based on a percentage of the sales tax collected. Thus, because sales taxes were actually higher than budgeted, the City had to amend the budget to reflect the increase in revenue with the offsetting increase in expenditure for education.

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	\$ 64,230,050	\$ 65,530,050	1,300,000	2.02 %
Licenses and permits	6,815,200	8,415,200	1,600,000	23.48
Intergovernmental	1,871,470	1,871,470	-	0.00
Fines and forfeits	975,000	975,000	-	0.00
Investment income	1,100,500	1,244,500	144,000	13.08
Rents and royalties	335,300	335,300	-	0.00
Contributions and reimbursements	371,809	371,809	-	0.00
Charges for services	1,303,360	1,303,360	-	0.00
Other	127,100	227,100	100,000	78.68
Total revenues	77,129,789	80,273,789	3,144,000	4.08 %
Expenditures				
Current operations				
General government	8,377,326	8,514,151	136,825	1.63 %
Public safety	28,036,294	28,436,494	400,200	1.43
Library	4,133,652	4,191,334	57,682	1.40
Municipal court	21,363	28,652	7,289	34.12
Sanitation	4,042,608	4,249,384	206,776	5.11
Education	7,840,742	8,196,240	355,498	4.53
Highway and roadway improvements	2,933,394	3,034,511	101,117	3.45
Recreation services	4,776,237	4,801,914	25,677	0.54
Health	205,491	210,982	5,491	2.67
Total	60,367,107	61,663,662	1,296,555	2.15 %
Capital outlays	1,454,738	1,419,738	(35,000)	-2.41 %
Debt service				
Principal	4,095,000	4,095,000	-	0.00
Interest and fiscal charges	5,191,594	5,191,594	-	0.00
Total expenditures	71,108,439	72,369,994	1,261,555	1.77 %

In terms of budget to actual, the graph below shows the percentage difference by function for each category. Revenues came in at \$1,290,194 more than projected. The main reason for this is sales tax. During fiscal year 2004, the City had a couple of new commercial developments come online. It is hard to predict when these new developments will actually open to the public. As a result, the City attempts to budget conservatively. Some of the businesses were able to open earlier than projected, which resulted in a larger amount of sales tax revenue than budgeted.

For expenditures, the total expenditures were only \$281,177 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.

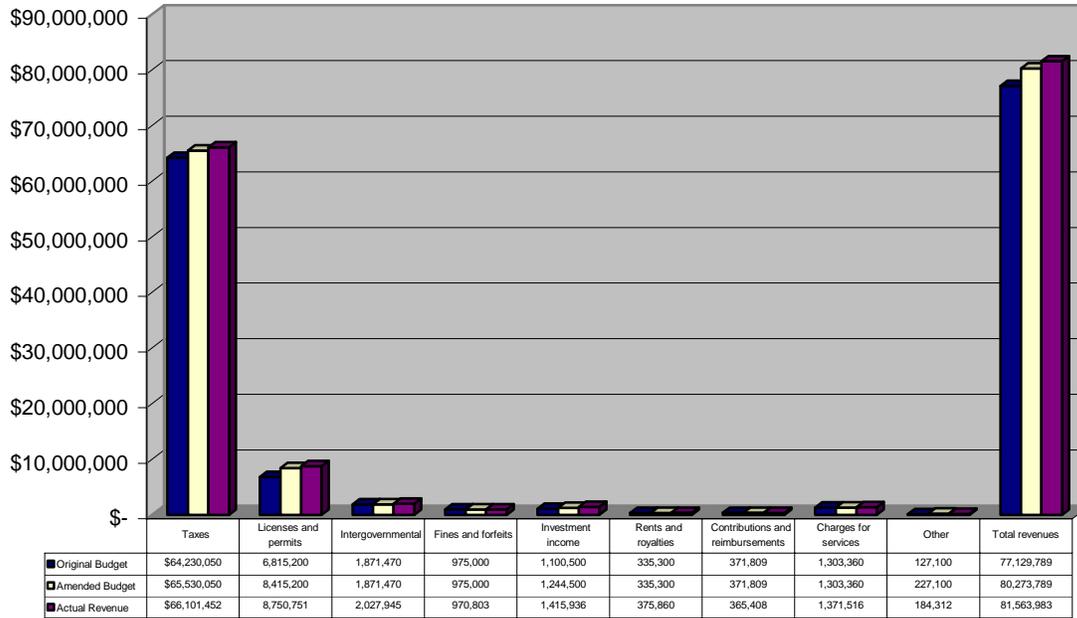
General Fund Budget to Actual

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)	% Difference Between Amended Budget and Actual Expenditure
Revenues					
Taxes	\$ 64,230,050	\$ 65,530,050	\$ 66,101,452	\$ 571,402	0.87 %
Licenses and permits	6,815,200	8,415,200	8,750,751	335,551	3.99
Intergovernmental	1,871,470	1,871,470	2,027,945	156,475	8.36
Fines and forfeits	975,000	975,000	970,803	(4,197)	-0.43
Investment income	1,100,500	1,244,500	1,415,936	171,436	13.78
Rents and royalties	335,300	335,300	375,860	40,560	12.10
Contributions and reimbursements	371,809	371,809	365,408	(6,401)	-1.72
Charges for services	1,303,360	1,303,360	1,371,516	68,156	5.23
Other	127,100	227,100	184,312	(42,788)	-18.84
Total revenues	77,129,789	80,273,789	81,563,983	1,290,194	1.61 %
Expenditures					
Current operations					
General government	8,377,326	8,514,151	8,294,128	220,023	2.58 %
Public safety	28,036,294	28,436,494	28,768,861	(332,367)	-1.17
Library	4,133,652	4,191,334	4,120,702	70,632	1.69
Municipal court	21,363	28,652	27,622	1,030	3.59
Sanitation	4,042,608	4,249,384	4,210,995	38,389	0.90
Education	7,840,742	8,196,240	8,335,662	(139,422)	-1.70
Highway and roadway improvements	2,933,394	3,034,511	3,048,928	(14,417)	-0.48
Recreation services	4,776,237	4,801,914	4,674,135	127,779	2.66
Health	205,491	210,982	205,191	5,791	2.74
Total	60,367,107	61,663,662	61,686,225	(22,563)	-0.04 %
Capital outlays	1,454,738	1,419,738	1,117,202	302,536	21.31 %
Debt service					
Principal	4,095,000	4,095,000	4,095,000	-	0.00
Interest and fiscal charges	5,191,594	5,191,594	5,190,390	1,204	0.02
Total expenditures	71,108,439	72,369,994	\$ 72,088,817	\$ 281,177	0.39 %

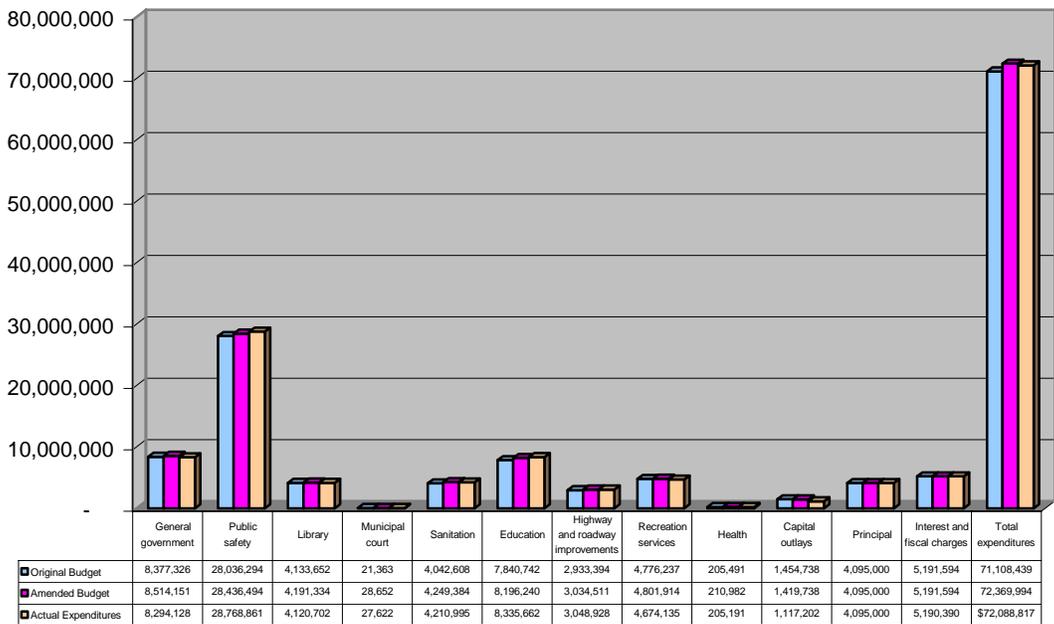
In terms of the detail of expenditures, a few functions came in over budget. The largest of these was public safety. The City has several employees in public safety on military leave. As a result, overtime is necessary in order to make up for the shifts of the absent employees. This comprises a large part of actual expenditures exceeding budget.

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 2004.

GENERAL FUND BUDGET - REVENUES
COMPARISON OF ORIGINAL BUDGET, AMENDED BUDGET, AND ACTUAL REVENUE
FY 2004



GENERAL FUND BUDGET - EXPENDITURES
COMPARISON OF ORIGINAL BUDGET, AMENDED BUDGET, AND ACTUAL EXPENDITURES
FY 2004



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, 2004, amounts to \$383,279,318 (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, 2003, the City's investment in capital assets was \$363,778,741. A prior period adjustment net of accumulated depreciation of \$1,809,991 increased this amount and the adjusted balance beginning fiscal year 2004 was \$365,588,734. The City had \$22,654,470 in additions net of accumulated depreciation. The majority of these new additions were part of the completion of the new Public Safety Center for several departments of the City. As a result, previously recorded construction in progress for this building was reduced by \$4,963,885.

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. The City hired an 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 307.44 miles of street inventoried, only 5.3 miles fell below the minimum threshold. With the annual review, the total miles with a rating below 3 now stand at 14.86 that need to be rehabilitated. These roads have been identified to be addressed in the fiscal year 2005 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 2002 evaluation, as 2004's report was not available in time to update the ratings.

Please refer to the Other Required Supplementary Information section, which begins on page 73, for more detail on this modified approach to infrastructure reporting.

Business-type activities did not have any additions to its assets. The total change was accumulated depreciation in the amount of (\$1,283,690).

Debt Administration

As of the fiscal year end, the City of Hoover had \$111,280,000 of governmental debt and \$15,800,000 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 \$240,975,822, which is significantly in excess of the City of Hoover's outstanding general obligation debt by \$129,695,822. 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 63 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 2004 was 2.6%, 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 2004 was a great year for the City's finances. Much was accomplished and much was just begun. Similar expectations are felt for 2005. 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.

BASIC FINANCIAL STATEMENTS

THE CITY OF HOOVER, ALABAMA
Statement of Net Assets
September 30, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Pooled cash and investments	\$ 59,824,365	\$ -	\$ 59,824,365
Receivables			
Taxes	5,715,159	-	5,715,159
Accounts	1,777,823	285,437	2,063,260
Due from other governments	144,666	-	144,666
Internal balances	587,014	(587,014)	-
Inventories	60,789	-	60,789
Prepaid items	38,251	-	38,251
Noncurrent assets			
Capital assets			
Depreciable			
Building and capital facilities	77,044,658	54,022,027	131,066,684
Equipment and vehicles	21,448,293	590,512	22,038,805
Improvements	8,477,859	-	8,477,859
Other infrastructure	6,090,838	-	6,090,838
Accumulated depreciation	(27,972,194)	(17,476,356)	(45,448,550)
Non-depreciable			
Land	26,675,990	1,664,800	28,340,790
Streets and bridges	220,428,425	-	220,428,425
Construction in progress	12,284,467	-	12,284,467
Total capital assets, net of depreciation	344,478,335	38,800,983	383,279,318
Other assets	649,405	219,757	869,162
Long-term receivables	680,670	-	680,670
Total assets	\$ 413,956,475	\$ 38,719,163	\$ 452,675,638
Liabilities			
Current liabilities payable from current assets			
Accounts payable and accrued liabilities	\$ 8,078,408	\$ 150,490	\$ 8,228,898
Interest payable	666,429	-	666,429
Deferred revenue	233,581	-	233,581
Refundable deposits	1,811	-	1,811
Current maturities of long-term liabilities:			
Bonds and warrants payable	4,220,000	710,000	4,930,000
Compensated absences	3,463,483	8,692	3,472,175
Long-term liabilities			
Compensated absences	2,532,463	4,853	2,537,316
Bonds and warrants payable, net	105,883,669	15,090,000	120,973,669
Claims payable	721,339	-	721,339
Total liabilities	125,801,182	15,964,035	141,765,217
Net Assets			
Invested in capital assets, net of related debt	234,374,666	23,000,983	257,375,649
Restricted for capital projects	26,859,710	-	26,859,710
Unrestricted	26,920,917	(245,855)	26,675,062
Total net assets	\$ 288,155,293	\$ 22,755,128	\$ 310,910,421

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

THE CITY OF HOOVER, ALABAMA
Statement of Activities
For the year ended September 30, 2004

Functions	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 10,372,215	\$ 4,359,687	\$ 473,220	\$ 80,000	\$ (5,459,308)	\$ -	\$ (5,459,308)
Public safety	32,635,142	6,267,496	476,822	15,000	(25,875,824)	-	(25,875,824)
Library	4,295,061	217,273	90,995	-	(3,986,793)	-	(3,986,793)
Municipal court	756,248	1,163,474	-	-	407,226	-	407,226
Sanitation	4,210,995	5,700	-	-	(4,205,295)	-	(4,205,295)
Education	8,335,662	-	-	-	(8,335,662)	-	(8,335,662)
Highway and roadway improvements	4,610,589	12,170	1,194,036	289,234	(3,115,150)	-	(3,115,150)
Recreation services	6,131,735	1,257,087	19,514	-	(4,855,134)	-	(4,855,134)
Health	238,379	-	-	-	(238,379)	-	(238,379)
Interest and fiscal charges	5,264,484	-	-	-	(5,264,484)	-	(5,264,484)
Total governmental activities	76,850,511	13,282,887	2,254,587	384,234	(60,928,803)	-	(60,928,803)
Business-type activities							
Sewer services	3,189,092	4,059,598	-	-	-	870,506	870,506
Total business-type activities	3,189,092	4,059,598	-	-	-	870,506	870,506
Total primary government	\$ 80,039,603	\$ 17,342,485	\$ 2,254,587	\$ 384,234	(60,928,803)	870,506	(60,058,297)
General revenues							
Property tax					7,712,457	-	7,712,457
In lieu of property tax					8,847	-	8,847
Rental tax					674,964	-	674,964
Gross receipts tax					2,763,264	-	2,763,264
Sales and use tax					52,097,889	-	52,097,889
Other municipal tax					2,174,787	-	2,174,787
Franchise tax					669,243	-	669,243
Intergovernmental shared revenues without restrictions					2,215,218	-	2,215,218
Unrestricted investment income					1,790,353	-	1,790,353
Other revenue					209,333	-	209,333
Contribution of capital assets					141,094	-	141,094
Total general revenues					70,457,451	-	70,457,451
Change in net assets					9,528,648	870,506	10,399,154
Net assets at beginning of year					276,816,654	21,884,622	298,701,276
Prior period adjustment (Note #10)					1,809,991	-	1,809,991
Net assets at end of year					<u>\$ 288,155,293</u>	<u>\$ 22,755,128</u>	<u>\$ 310,910,421</u>

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

THE CITY OF HOOVER, ALABAMA
Balance Sheet
Governmental Funds
September 30, 2004

	General Fund	Capital Projects Fund	GOW Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 27,057,866	\$ 17,692,162	\$ 10,444,862	\$ 4,629,476	\$ 59,824,365
Receivables					
Taxes	5,715,159	-	-	-	5,715,159
Accounts	1,156,519	22,723	-	598,581	1,777,823
Due from other governments	30,481	-	-	114,185	144,666
Internal balances	931,486	-	-	-	931,486
Inventories	60,789	-	-	-	60,789
Prepaid items	38,251	-	-	-	38,251
Non-current receivable	680,670	-	-	-	680,670
	<u>\$ 35,671,220</u>	<u>\$ 17,714,886</u>	<u>\$ 10,444,862</u>	<u>\$ 5,342,241</u>	<u>\$ 69,173,208</u>
Liabilities and fund balances					
Liabilities					
Accounts payable and accrued liabilities	\$ 6,168,532	\$ 133,384	\$ 1,166,653	\$ 609,839	\$ 8,078,408
Deferred revenue	233,581	-	-	-	233,581
Internal balances	-	-	-	344,472	344,472
Refundable deposits	1,811	-	-	-	1,811
	<u>6,403,924</u>	<u>133,384</u>	<u>1,166,653</u>	<u>954,311</u>	<u>8,658,272</u>
Fund balances					
Reserved for non-current receivable	680,670	-	-	-	680,670
Reserved for inventory	60,789	-	-	-	60,789
Reserved for prepaid items	38,251	-	-	-	38,251
Unreserved					
General fund	28,487,586	-	-	-	28,487,586
Capital projects funds	-	17,581,502	9,278,208	-	26,859,710
Special revenue funds	-	-	-	4,387,930	4,387,930
	<u>29,267,296</u>	<u>17,581,502</u>	<u>9,278,208</u>	<u>4,387,930</u>	<u>60,514,936</u>
Total liabilities and fund balances	<u>\$ 35,671,220</u>	<u>\$ 17,714,886</u>	<u>\$ 10,444,862</u>	<u>\$ 5,342,241</u>	<u>\$ 69,173,208</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.	344,478,335
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(116,837,978)

Net assets of governmental activities	<u>\$ 288,155,293</u>
---------------------------------------	-----------------------

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, 2004

	General Fund	Capital Projects Fund	GOW Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 66,101,452	\$ -	\$ -	\$ -	\$ 66,101,452
Licenses and permits	8,750,751	-	-	-	8,750,751
Intergovernmental	2,027,945	82,208	-	1,985,143	4,095,296
Fines and forfeits	970,803	9,170	-	901,605	1,881,578
Investment income	1,415,936	-	374,461	5,374	1,795,771
Rents and royalties	375,860	-	-	-	375,860
Contributions and reimbursements	365,408	391,721	-	1,614	758,743
Other	184,312	25,000	-	-	209,312
Charges for services	1,371,516	-	-	897,765	2,269,281
Total revenues	<u>81,563,983</u>	<u>508,099</u>	<u>374,461</u>	<u>3,791,501</u>	<u>86,238,043</u>
Expenditures					
Current operations					
General government	8,294,128	430,167	819,512	40,321	9,584,128
Public safety	28,768,861	88,729	45,037	2,056,642	30,959,270
Library	4,120,702	-	-	-	4,120,702
Municipal court	27,622	-	24,956	676,528	729,106
Sanitation	4,210,995	-	-	-	4,210,995
Education	8,335,662	-	-	-	8,335,662
Highway and roadway improvements	3,048,928	104,603	-	136,207	3,289,738
Recreation services	4,674,135	1,010,783	-	-	5,684,917
Health	205,191	-	-	-	205,191
Total	<u>61,686,225</u>	<u>1,634,282</u>	<u>889,505</u>	<u>2,909,697</u>	<u>67,119,709</u>
Capital outlays	1,117,202	1,343,952	19,567,755	710,770	22,739,679
Debt service					
Principal	4,095,000	-	-	-	4,095,000
Interest and fiscal charges	5,190,390	-	-	-	5,190,390
Total expenditures	<u>72,088,817</u>	<u>2,978,234</u>	<u>20,457,260</u>	<u>3,620,467</u>	<u>99,144,778</u>
Excess (deficiency) of revenues over (under) expenditures	9,475,166	(2,470,135)	(20,082,800)	171,034	(12,906,735)
Other financing sources (uses)					
Interfund transfers	(7,800,759)	6,600,000	-	1,200,759	-
Capital portion of refunding bonds issued	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-
Discount on refunding bonds issued	-	-	-	-	-
Total other financing sources (uses)	<u>(7,800,759)</u>	<u>6,600,000</u>	<u>-</u>	<u>1,200,759</u>	<u>-</u>
Net change in fund balances	1,674,407	4,129,865	(20,082,800)	1,371,793	(12,906,735)
Fund balances, beginning of year	<u>27,592,889</u>	<u>13,451,637</u>	<u>29,361,008</u>	<u>3,016,137</u>	<u>73,421,671</u>
Fund balances, end of year	<u>\$ 29,267,296</u>	<u>\$ 17,581,502</u>	<u>\$ 9,278,208</u>	<u>\$ 4,387,930</u>	<u>\$ 60,514,936</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, 2004

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (12,906,735)

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	4,095,000
Amortization	(144,989)

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	22,082,768
Depreciation	(3,249,587)

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

141,094

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

6,207

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	315,584
Accrued compensated leave	(810,715)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 9,528,627

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, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 64,230,050	\$ 65,530,050	\$ 66,101,452	\$ 571,402
Licenses and permits	6,815,200	8,415,200	8,750,751	335,551
Intergovernmental	1,871,470	1,871,470	2,027,945	156,475
Fines and forfeits	975,000	975,000	970,803	(4,197)
Investment income	1,100,500	1,244,500	1,415,936	171,436
Rents and royalties	335,300	335,300	375,860	40,560
Contributions and reimbursements	371,809	371,809	365,408	(6,401)
Charges for services	1,303,360	1,303,360	1,371,516	68,156
Other	127,100	227,100	184,312	(42,788)
Total revenues	<u>77,129,789</u>	<u>80,273,789</u>	<u>81,563,983</u>	<u>1,290,194</u>
Expenditures				
Current operations				
General government	8,377,326	8,514,151	8,294,128	220,023
Public safety	28,036,294	28,436,494	28,768,861	(332,367)
Library	4,133,652	4,191,334	4,120,702	70,632
Municipal court	21,363	28,652	27,622	1,030
Sanitation	4,042,608	4,249,384	4,210,995	38,389
Education	7,840,742	8,196,240	8,335,662	(139,422)
Highway and roadway improvements	2,933,394	3,034,511	3,048,928	(14,417)
Recreation services	4,776,237	4,801,914	4,674,135	127,779
Health	205,491	210,982	205,191	5,791
Total	<u>60,367,107</u>	<u>61,663,662</u>	<u>61,686,225</u>	<u>(22,563)</u>
Capital outlays	1,454,738	1,419,738	1,117,202	302,536
Debt service				
Principal	4,095,000	4,095,000	4,095,000	-
Interest and fiscal charges	5,191,594	5,191,594	5,190,390	1,204
Total expenditures	<u>71,108,439</u>	<u>72,369,994</u>	<u>72,088,817</u>	<u>281,177</u>
Excess (deficiency) of revenues over (under) expenditures	6,021,350	7,903,795	9,475,166	1,571,371
Other financing sources (uses)				
Interfund transfers	(4,127,880)	(7,758,165)	(7,800,759)	(42,594)
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>(4,127,880)</u>	<u>(7,758,165)</u>	<u>(7,800,759)</u>	<u>(42,594)</u>
Net change in fund balances	<u>\$ 1,893,470</u>	<u>\$ 145,630</u>	1,674,407	<u>\$ 1,528,777</u>
Fund balances, beginning of year			<u>27,592,889</u>	
Fund balances, end of year			<u>\$ 29,267,296</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, 2004

Assets

Current assets:	
Pooled cash and investments	\$ -
Accounts receivable	285,437
Total current assets	<u>285,437</u>
Noncurrent assets:	
Capital assets	
Land	1,664,800
Waste water treatment plants	54,022,027
Equipment and vehicles	590,512
Less accumulated depreciation	<u>(17,476,356)</u>
Total noncurrent assets	<u>38,800,983</u>
Other assets	<u>219,757</u>
Total assets	<u><u>\$ 39,306,177</u></u>

Liabilities

Current liabilities:	
General obligation warrants payable	\$ 710,000
Accounts payable	74,455
Accrued expenses	76,035
Compensated absences	8,692
Interfund balances	587,014
Total current liabilities	<u>1,456,196</u>
Noncurrent liabilities:	
Compensated absences	4,853
General obligation warrants payable	<u>15,090,000</u>
Total noncurrent liabilities	<u>15,094,853</u>
Total liabilities	<u>16,551,049</u>

Net assets

Investment in capital assets, net of related debt	23,000,983
Unrestricted	<u>(245,855)</u>
Total net assets	<u><u>\$ 22,755,128</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, 2004

Operating revenues	
Charges for services	\$ 4,059,598
Total operating revenue	<u>4,059,598</u>
Operating expenses	
Collection fees	86,079
Depreciation	1,283,690
Management fees	572,408
Personal services	90,594
Repairs and maintenance	225,356
Supplies	118,770
Telephone	17,307
Utilities	188,990
Total operating expenses	<u>2,583,194</u>
Operating income (loss)	1,476,404
Non-operating revenues (expenses)	
Interest and fiscal charges	<u>(605,898)</u>
Total non-operating revenues (expenses)	<u>(605,898)</u>
Change in net assets	870,506
Net assets, beginning of year	<u>21,884,622</u>
Net assets, end of year	<u><u>\$ 22,755,128</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, 2004

Cash flows from operating activities

Cash received from customers	\$ 4,145,124
Cash payments to suppliers	(613,234)
Cash payments to management companies	(572,408)
Cash payments to employees	(88,918)
Net cash provided (used) by operating activities	2,870,564

Cash flows from noncapital financing activities

Transfer to other funds	(1,595,062)
Transfer from other funds	-
Net cash provided (used) by noncapital financing activities	(1,595,062)

Cash flows from capital and related financing activities

Acquisition and construction of capital assets	-
Payments of warrants	(680,000)
Cash paid for interest on debt	(595,502)
Net cash provided (used) by capital and related financing activities	(1,275,502)

Net increase (decrease) in pooled cash and investments	-
Pooled cash and investments, beginning of year	-
Pooled cash and investments, end of year	\$ -

Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ 1,476,404
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	1,283,690
(Increase) decrease in accounts receivable	85,526
Increase (decrease) in accounts payable and accrued expenses	23,385
Increase (decrease) in compensated absences payable	1,560
Total adjustments	1,394,160
Net cash provided by operating activities	\$ 2,870,564

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, 2004

(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 five-member city council. However, beginning with fiscal year 2005, the number of council member seats will total seven.

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. 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.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

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

C. Basis of Presentation (Continued)

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, uses, and balance of current financial resources.

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 Project Fund -

The Capital Project 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).

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

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

C. Basis of Presentation (Continued)

Other Capital Project 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:

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 for, and the payment of, long-term debt principal and interest for 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 CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

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

D. Measurement Focus/Basis of Accounting (Continued)

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, sales and use taxes, certain intergovernmental revenues, fines permits and charges, 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 (general government, education, public safety, etc.) 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.

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, for all special revenue funds, and for all capital project funds. Furthermore, project-length financial plans are adopted for all capital project funds. All annual appropriations lapse at fiscal year end, except for capital project funds. The budget is prepared on the modified accrual basis of accounting.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

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

E. Budgetary Information (Continued)

The City follows the procedures set forth below in establishing the budgetary data reflected in the general purpose 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 the past year, 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 and category level. Management may not amend or transfer appropriations within the budget at or above the fund and category 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, the effects of which were not material. 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.

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 OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

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

F. Deposits and Investments (Continued)

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.

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.

At year end, the bank balance of the City's 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, 2004, all of the City's depositories are participating in the SAFE program, with a bank balance of \$32,997,079 and a carrying balance of \$32,248,784.

The bank balances of deposits for the Library Board were entirely covered by federal depository insurance or by the SAFE program as described previously.

It is the City's policy to invest only in obligations of the U.S. Treasury, U.S. Government Agencies, short-term bank certificates of deposit, and the bank public fund investment account. It is also the City's policy to require federal depository insurance or collateral to cover all of its deposits in financial institutions.

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.

Investments made by the City are summarized below. Those investments represented by specifically identifiable investment securities are classified as to credit risk within the following three categories:

Category 1 – Insured or registered, or securities held by the City or its agent in the City's name.

Category 2 – Uninsured and unregistered, with securities held by the counter party's trust department or agent in the City's name.

Category 3 – Uninsured and unregistered, with securities held by the counter party or by its trust department or agent, but not in the City's name.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

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

F. Deposits and Investments (Continued)

	<u>Category</u>			<u>Fair Value</u>
	1	2	3	
U.S. Government Agency Securities	\$ -	\$ 27,557,331	\$ -	\$ 27,557,331

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 which remain on the government-wide statement of net assets are those between governmental and business-type activities. These amounts are reflected as "Internal Balances."

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

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

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	15 - 50 Years
Furniture, equipment, and vehicles	5 - 7 Years
Other Infrastructure	20 - 35 Years

The City elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its streets system. The City commissioned a physical condition assessment of its streets as of December 2004. Using this approach, the City capitalizes the cost of its streets 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 on 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, perform condition assessments on the street pavement 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 detail 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. This liability is accrued when presented at the government-wide level. Related payroll taxes and retirement contributions are included in the accrued compensated leave account.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

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

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 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, 2004

(2) CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2004 was as follows:

	Balance Beginning of Year	Prior Period Adjustments (Note #10)	Adjusted Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities						
Capital assets not being depreciated						
Land	\$ 26,675,990	\$ -	\$ 26,675,990	\$ -	\$ -	\$ 26,675,990
Construction in progress	15,943,465	-	15,943,465	1,304,887	(4,963,885)	12,284,467
Infrastructure:						
Street system	219,467,604	-	219,467,604	-	-	219,467,604
Bridges	960,821	-	960,821	-	-	960,821
Total capital assets not being depreciated	<u>263,047,880</u>	<u>-</u>	<u>263,047,880</u>	<u>1,304,887</u>	<u>(4,963,885)</u>	<u>259,388,882</u>
Other capital assets						
Buildings and capital facilities	53,077,563	-	53,077,563	23,967,095	-	77,044,658
Equipment and vehicles	19,987,454	-	19,987,454	1,460,839	-	21,448,293
Improvements	6,090,770	1,932,162	8,022,932	454,927	-	8,477,859
Other infrastructure	6,039,570	51,268	6,090,838	-	-	6,090,838
Total other capital assets at historical cost	<u>85,195,357</u>	<u>1,983,430</u>	<u>87,178,787</u>	<u>25,882,860</u>	<u>-</u>	<u>113,061,647</u>
Less accumulated depreciation for						
Buildings and capital facilities	10,667,005	-	10,667,005	1,050,976	-	11,717,981
Equipment and vehicles	12,437,754	-	12,437,754	1,769,429	-	14,207,183
Improvements	970,782	171,388	1,142,170	270,600	-	1,412,770
Other infrastructure	473,627	2,051	475,678	158,582	-	634,260
Total accumulated depreciation	<u>24,549,168</u>	<u>173,439</u>	<u>24,722,607</u>	<u>3,249,587</u>	<u>-</u>	<u>27,972,194</u>
Other capital assets, net	<u>60,646,189</u>	<u>1,809,991</u>	<u>62,456,180</u>	<u>22,633,273</u>	<u>-</u>	<u>85,089,453</u>
Governmental activities capital assets, net	<u>\$ 323,694,069</u>	<u>\$ 1,809,991</u>	<u>\$ 325,504,060</u>	<u>\$ 23,938,160</u>	<u>\$ (4,963,885)</u>	<u>\$ 344,478,335</u>
Business Type Activities - Sewer Fund						
Capital assets not being depreciated						
Land	\$ 1,664,800	\$ -	\$ 1,664,800	\$ -	\$ -	\$ 1,664,800
Total capital assets not being depreciated	<u>1,664,800</u>	<u>-</u>	<u>1,664,800</u>	<u>-</u>	<u>-</u>	<u>1,664,800</u>
Other capital assets						
Buildings and capital facilities	54,022,027	-	54,022,027	-	-	54,022,027
Equipment and vehicles	590,512	-	590,512	-	-	590,512
Total other capital assets at historical cost	<u>54,612,539</u>	<u>-</u>	<u>54,612,539</u>	<u>-</u>	<u>-</u>	<u>54,612,539</u>
Less accumulated depreciation for						
Buildings and capital facilities	15,758,394	-	15,758,394	1,244,315	-	17,002,709
Equipment and vehicles	434,272	-	434,272	39,375	-	473,647
Total accumulated depreciation	<u>16,192,666</u>	<u>-</u>	<u>16,192,666</u>	<u>1,283,690</u>	<u>-</u>	<u>17,476,356</u>
Other capital assets, net	<u>38,419,873</u>	<u>-</u>	<u>38,419,873</u>	<u>(1,283,690)</u>	<u>-</u>	<u>37,136,183</u>
Business-type activities capital assets, net	<u>\$ 40,084,673</u>	<u>\$ -</u>	<u>\$ 40,084,673</u>	<u>\$ (1,283,690)</u>	<u>\$ -</u>	<u>\$ 38,800,983</u>

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

Governmental activities:	
General government and administration	\$ 672,816
Public safety	1,064,698
Library	141,812
Municipal court	17,934
Highway and roadway improvements	919,219
Recreational services	402,222
Health	30,886
Total depreciation expense - Governmental activities	<u>\$ 3,249,587</u>
Business-type activities:	
Sewer services	1,283,690
Total depreciation expense - Business-type activities	<u>\$ 1,283,690</u>

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

(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, 2004, 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.	\$8,580,000	-
\$25,485,000 general obligation warrant dated January 15, 2000; due \$755,000 to \$4,645,000 annually beginning January 1, 2011; interest at 5.4% to 6.25% due semiannually commencing January 1, 2001.	25,485,000	-
\$1,700,000 general obligation warrant dated July 5, 1995; due in full on June 5, 2025; interest at 6.2714% due monthly commencing July 31, 1995.	1,700,000	-
\$78,330,000 general obligation warrant dated January 1, 2003; due \$2,865,000 to \$8,840,000 annually beginning March 1, 2003; interest at 2.0% to 4.8% due monthly commencing March 1, 2003.	72,920,000	-
\$4,195,000 taxable general obligation warrants dated January 1, 2003; due \$780,000 to \$895,000 annually beginning March 1, 2003; interest at 1.6% to 3.5% due monthly commencing March 1, 2003.	2,595,000	-
Series 1999 General Obligation Sewer Warrant; due \$300,000 to \$580,000 annually beginning February 15, 2001; interest at 3.50% due semiannually commencing February 15, 2001.	-	\$ 7,245,000

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

(3) LONG-TERM DEBT (CONTINUED):

Series 1999 General Obligation Sewer Warrant;
due \$325,000 to \$675,000 annually beginning
February 15, 2002; interest at 3.85% due
semiannually commencing August 15, 2002.

	-	8,555,000
Total Bonds Payable	\$ 111,280,000	\$ 15,800,000
Less deferred amounts:		
For issue discounts	(92,977)	
For deferred loss on refunding	(1,083,354)	
Total Bonds Payable, net	\$ 110,103,669	\$ 15,800,000

Changes in Outstanding Debt:

	Balance October 1, 2003	Additions	Reductions	Balance September 30, 2004	Due within one year
Governmental activities					
Bonds payable	\$ 115,375,000	\$ -	\$ 4,095,000	\$ 111,280,000	\$ 4,220,000
Less deferred amounts:					
For issue discounts	(102,238)	-	(9,261)	(92,977)	-
For deferred loss on refunding	(1,154,394)	-	(71,040)	(1,083,354)	-
Compensated absences	5,185,231	4,109,270	3,298,555	5,995,946	3,463,483
Claims payable	1,036,923	648,326	963,910	721,339	-
Total governmental fund types	\$ 120,340,522	\$ 4,757,596	\$ 8,277,164	\$ 116,820,954	\$ 7,683,483
Business-type activities					
Bonds payable	\$ 16,480,000	\$ -	\$ 680,000	\$ 15,800,000	\$ 710,000
Compensated absences	11,985	9,838	8,278	13,545	8,692
Total proprietary fund types	\$ 16,491,985	\$ 9,838	\$ 688,278	\$ 15,813,545	\$ 718,692

Compensated absences include estimated pay with associated medicare (1.45%), social security (6.2%), and retirement (8.39%)
Due within one year includes above FY 2004 Reduction amount plus increase of 5% over previous year due to anticipated merit raises and cola increases

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

(3) LONG-TERM DEBT (CONTINUED):

Annual debt service requirements to maturity for general obligation warrants (including interest) at September 30, 2004, are as follows:

Year Ending September 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2005	\$ 4,220,000	\$ 5,048,273	\$ 710,000	\$ 569,879	\$ 10,548,152
2006	4,415,000	4,917,024	730,000	543,384	10,605,408
2007	4,495,000	4,797,783	760,000	515,970	10,568,753
2008	4,625,000	4,646,110	785,000	487,541	10,543,651
2009	4,835,000	4,454,535	820,000	458,001	10,567,536
2010	4,860,000	4,297,564	850,000	427,263	10,434,827
2011	5,115,000	4,042,289	885,000	395,325	10,437,614
2012	5,345,000	3,813,241	915,000	362,189	10,435,430
2013	5,615,000	3,539,343	950,000	327,854	10,432,197
2014	5,910,000	3,245,369	985,000	292,224	10,432,593
2015	6,240,000	2,917,819	1,025,000	255,211	10,438,030
2016	6,605,000	2,552,390	1,060,000	216,816	10,434,206
2017	6,980,000	2,174,916	1,100,000	177,039	10,431,955
2018	7,330,000	1,822,834	1,140,000	135,783	10,428,617
2019	7,670,000	1,485,334	1,185,000	92,951	10,433,285
2020	8,045,000	1,111,634	1,225,000	48,554	10,430,188
2021	8,435,000	720,721	675,000	12,994	9,843,715
2022	8,840,000	318,774	-	-	9,158,774
2023		106,614	-	-	106,614
2024		106,614	-	-	106,614
2025	1,700,000	106,614	-	-	1,806,614
Total	\$ <u>111,280,000</u>	\$ <u>56,225,795</u>	\$ <u>15,800,000</u>	\$ <u>5,318,976</u>	\$ <u>188,624,771</u>

On January 1, 2003, the City issued \$78,330,000 of General Obligation Warrants and \$4,195,000 of Taxable General Obligation Warrants, of which \$40,567,674 was placed in an irrevocable trust for the purpose of generating resources for all future debt service payments through 2020 (\$39,360,000 principal) of two Series 1993 bond 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 \$1,140,907 and obtained an estimated economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of approximately \$353,037. As of September 30, 2003, \$33,580,000 of bonds are considered defeased.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

(3) LONG-TERM DEBT (CONTINUED):

On December 22, 2004, the City issued \$31,099,793.40 (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.

(4) LEASES:

On April 7, 1988, the Parks and Recreation Board entered into a ten-year lease and management agreement to lease Hoover Metropolitan Stadium to a professional baseball club. The lease and management agreements were renegotiated 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 renegotiated, with the result being a new ten-year stadium lease agreement and an "other events" supplement agreement. 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, 2004, was \$224,430. For the remainder of the lease through fiscal year 2005 and fiscal year 2006 the rental revenue will also be \$224,430 for each year.

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

<u>Cost of Leased Asset</u>	<u>Carrying Value</u>	<u>Depreciation thru 9/30/04</u>
\$ 12,202,880	\$ 8,306,221	\$ 3,896,659

(5) 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 2004, 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 8.39% of annual covered payroll. This is up from the 7.45% for fiscal 2004. The contribution requirements of plan members and the City are established and may be amended by the ERSA Board of Control.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

(5) EMPLOYEE RETIREMENT PLAN (CONTINUED):

Annual Pension Cost:

For 2004, the City's annual pension cost of \$2,269,134 for the System was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2002, 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, 2003, was 20 years.

Three-Year Trend Information for the System

Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
09/30/01	\$ 1,360,181	100%	\$ 0
09/30/02	\$ 1,488,106	100%	\$ 0
09/30/03	\$ 1,867,096	100%	\$ 0

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]
09/30/01	\$46,285,372	\$53,638,527	\$ 7,353,155	86.3%	\$26,432,723	27.8%
09/30/02	\$50,364,542	\$62,996,230	\$12,631,688	80.0%	\$27,881,857	45.0%
09/30/03	\$55,363,633	\$71,649,694	\$16,286,061	77.3%	\$29,127,884	55.9%

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

(6) POST RETIREMENT BENEFITS:

In April 2000, the City began providing post retirement health and dental care benefits, as per a City ordinance, 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 benefits 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, 2004, there were nineteen employees receiving benefits under the ordinance. For the year ended September 30, 2004, the City recognized expenditures of \$153,511 for these benefits.

(7) INTERNAL BALANCES:

Internal Balances represent short-term loans to help supplement various funds. At September 30, 2004, the outstanding internal balances were as follows:

Fund	Internal Balances Due To	Internal Balances Due From
General Fund	\$ 931,486	\$ -
Sewer Enterprise Fund	-	587,014
Non-Major Governmental Funds	-	344,472
Total	931,486	931,486

(8) INTERFUND TRANSFERS:

Interfund transfers during the year ended September 30, 2004, were as follows:

Transfers Out	Transfers In				Total
	General Fund	Capital Projects Fund	GOW Capital Projects Fund	Non-Major Governmental Fund	
General Fund	\$ -	\$ 6,600,000	\$ -	\$ 1,200,759	\$ 7,800,759
Total	\$ -	\$ 6,600,000	\$ -	\$ 1,200,759	\$ 7,800,759

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 CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

(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 \$1,480,316. 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, claims 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 2004 and 2003 are as follows:

	2003	2004
Unpaid claims, beginning	670,750	1,036,923
Incurred claims (including IBNRs)	838,376	648,326
Claim Payments	(472,203)	(963,910)
Unpaid claims, ending	1,036,923	721,339

B. Commitments

By resolution of the City Council on October 1, 1990, the City makes annual operating transfers to the Board of Education. The amount of the operating transfer is to be the greater of sixteen (16) percent of the City's revenues from sales and use tax collections or \$4,500,000. The City Council may modify or terminate the commitment at its discretion. In December 2004, this resolution was rescinded and the annual contribution was changed to a flat amount of \$2,000,000 per year.

As of September 30, 2004, the City has executed contracts related to construction projects in the amount of \$64,261,950. Of this amount, \$36,913,039 has been incurred to date creating a total of remaining commitment of \$27,348,912. The City is responsible for funding \$17,931,435 of this commitment with the remaining \$9,417,477 to be funded by other governmental units.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2004

9) OTHER INFORMATION (CONTINUED):

C. Contingent Liabilities

Amounts received or receivable 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 which 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 also is 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. Unrestricted Net Asset Deficit

The Sewer Enterprise Fund, a proprietary fund used to account for the operations of the City's waste water treatment plants, has an unrestricted net asset deficit of \$245,855 at September 30, 2004. However, the invested in capital assets net of related debt totals \$23,000,983, resulting in total net assets of \$22,755,128 at September 30, 2004.

(10) PRIOR PERIOD ADJUSTMENT:

For the year ending September 30, 2004, adjustments were made to capital assets for governmental activities. The City entered a management agreement with an independent contractor to undertake and perform the development, management, operation, administration, and supervision of Aldridge Gardens, a botanical garden, which is owned by the City. Previously, assets related to Aldridge Gardens were not included, so appropriate adjustments have been made. Prior to fiscal year 2004, these adjustments total \$1,932,162. In addition, the assets added related to this for fiscal year 2004 are \$141,094.

Also, another adjustment was made at the end of fiscal year 2003 that did not get capitalized in fiscal 2003. This adjustment totals \$51,268 for sidewalks.

These adjustments total \$1,983,430 and do not have an effect on the fund financial statements. However, these adjustments do affect the government-wide statements. As a result, the following balance has been recorded as an adjustment to beginning net assets:

Aldridge Gardens assets	\$ 1,932,162
Additional sidewalks	51,268
Estimated accumulated depreciation on additional assets	<u>(173,439)</u>
Net adjustment to Beginning Net Assets	<u><u>\$ 1,809,991</u></u>

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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**Modified Approach for Infrastructure Assets
Assessed Condition - Streets
For the Fiscal Year Ending September 30, 2004**

		Streets		Streets	
		2003		2004	
	Quality Rating Standards	Length (in feet)	%	Length (in feet)	%
Excellent	5	115,171	7.09%	138,194	8.51%
Good*	4	1,201,088	73.99%	1,196,955	73.75%
Fair	3	228,184	14.06%	157,914	9.73%
Poor	2	27,214	1.68%	77,781	4.79%
Unsatisfactory	1	110	0.01%	686	0.04%
Under Construction	UC	51,535	3.17%	51,535	3.18%
Total		1,623,301	100.00%	1,623,065	100.00%

		Streets		Streets	
		2003		2004	
	Quality Rating Standards	Value	%	Value	%
Excellent	5	\$ 11,755,493	5.36%	\$ 14,465,693	6.60%
Good	4	167,253,229	76.27%	166,846,699	76.09%
Fair	3	30,455,875	13.89%	20,631,399	9.41%
Poor	2	3,726,525	1.70%	11,247,331	5.13%
Unsatisfactory	1	67,755	0.03%	67,755	0.03%
Under Construction	UC	6,030,195	2.75%	6,030,195	2.75%
Total		\$ 219,289,072	100.00%	\$ 219,289,072	100.00%

		Streets		Streets	
		2003		2004	
	Quality Rating Standards	Length (in miles)	%	Length (in miles)	%
Excellent	5	21.81	7.09%	26.17	8.51%
Good*	4	227.48	73.99%	226.70	73.75%
Fair	3	43.22	14.06%	29.91	9.73%
Poor	2	5.15	1.68%	14.73	4.79%
Unsatisfactory	1	0.02	0.01%	0.13	0.04%
Under Construction	UC	9.76	3.17%	9.76	3.18%
Total		307.44	100.00%	307.40	100.00%

14.86

*PLEASE NOTE: Although only 3's and lower were re-evaluated, a change occurred in two streets(Colesbury Circle and Rockland Drive), which were partially rated 4. Because the other parts of the same streets were rated 3 previously, this resulted in a re-rating of some 4's and thus a change in the street lengths associated with 4's.

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	22,054	\$ 2.50	\$ 55,135.00
Bituminous concrete Waring Surface, Mix 1, (Approximately 220 LBS/SY)	TON	24,259	48.00	1,164,432.00
Planing Existing Pavement (Approx. 1.10" thru 2.0")	SQ YD	15,180	13.00	<u>197,340.00</u>
Total				<u><u>\$ 1,416,907.00</u></u>

NOTE: Total Roadway Length for 1 and 2 ratings = 14.86 miles but only 13.9 miles is maintained by the City and included in the above estimate

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

Fund Description	Fiscal Year 2000	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004
7 Cent Gas Tax Fund	\$ 227,703	\$ 131,937	\$ 328,717	\$ 400,242	\$ 133,969
4 & 5 Cent Gas Tax Fund	<u>500,551</u>	<u>348,727</u>	<u>195,270</u>	<u>234,407</u>	<u>-</u>
Total	<u><u>\$ 728,254</u></u>	<u><u>\$ 480,663</u></u>	<u><u>\$ 523,987</u></u>	<u><u>\$ 634,649</u></u>	<u><u>\$ 133,969</u></u>

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

	Fiscal Year 2000	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004
Total	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>\$ 559,475</u></u>

**Modified Approach for Infrastructure Assets
Assessed Condition - Bridges
For the Fiscal Year Ending September 30, 2004**

	<u>Structure Length</u>	<u>Deck Width</u>	<u>Barrel Length</u>	<u>Overall Rating</u>	<u>Square Footage</u>	<u>Estimated Value with Deflator*</u>	<u>Estimated Age</u>
CREEKVIEW DR	68.0	29.0		7	1,972	\$ 112,681.51	25
KESTWICK DR	102.0	30.0		7	3,060	174,850.61	25
SOUTHLAND DR	104.0	33.0		7	3,432	196,106.96	25
LOCKHAVEN RD	103.0	33.0		7	3,399	194,221.32	25
RIVERCHASE PKWY W	48.0	35.0		7	1,680	95,996.41	15
STARLAKE DR	25.0		30.0	6	750	42,855.54	25
SOUTHLAKE PKWY	97.0		26.0	6	2,522	144,108.90	10
TOTAL/AVERAGE	<u><u>547.0</u></u>	<u><u>160.0</u></u>	<u><u>56.0</u></u>	<u><u>6.7</u></u>	<u><u>16,815</u></u>	<u><u>\$ 960,821.26</u></u>	<u><u>21</u></u>

*Bridge values were added to capital assets in FY 2003

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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, 2004

STREETS AND BRIDGES

The City of Hoover decided to adopt 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 ending 2003, 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. addition 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 (December 2004) assess all roads with a rating of 3 and under (approximately 20% condition assessment)
 2. Year 2 (December 2005) assess all roads with a rating of 3 and under (approximately 20% condition assessment)
 3. Year 3 (December 2006) 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 example below illustrates this concept.

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2004

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, at that time the road or street should be added to our existing inventory. A UC (under construction) rating should be given, because generally a street is opened before the final seal coat is finished (see below). Thus, the aforementioned online maintenance form should be completed.
2. When the seal coat bond has been released, the rating of the road should be updated from UC (under construction) to 5. Again, this point also requires the completion of the online maintenance form.
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. In order to maintain the actual historical value of these roads, at the end of each fiscal year, this information will also be submitted on the online maintenance form. This will assure that historical data is also provided and help to coordinate with the valuing system that has been implemented for the current and past inventory (detailed below).
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. This will ensure that the modified approach is applied to all roads and thus that they will not depreciated like other assets.

Because the inventory is tied to the City's GIS system, at times new roads may not be included in the GIS, but they are finished. If this should occur, the Accounting Operations Manager will keep it on the fixed asset list without depreciating it, and the next year it will be removed from the fixed asset list and added to the road inventory.

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

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2004

Because this was 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 are 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.

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

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.

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2004

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. 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:

Area 1	5 years
Area 2	10 years
Area 3	15 years
Area 4	25 years
Area 5	10 years
Area 6	5 years
Area 7	9 years
Area 8	2 years
Area 9	8 years
Area 10	25 years
Area 11	1 years

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

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

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

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

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

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

By utilizing the Construction Cost Index provided by Engineering News Record, a depreciation factor for the age was calculated. It was determined that the average age calculation of the street assets within the City of Hoover was 17 years. Going back 17 years from 2003, the average construction cost was 4295. For 2003, the annual average construction cost was 6694. 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, 2004

With the depreciation factor established, the estimated value of Hoover streets could be determined. The equation for this is 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 Hoover Inventory was converted to feet and the length 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 = **\$219,289,072**. This value was added to our capital assets in fiscal year 2003.

3. In order to comply with GASB standards with 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 3.

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 **14.86 miles** (of this 13.9 miles are maintained by the City and the balance is maintained by the County). The City will prioritize their paving and maintenance of roads based on this list and will address them in fiscal year 2005.

The estimated cost to raise the ratings of 1 and 2 is approximately **\$1,416,907** 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:

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

Fund Description	Fiscal Year 2000	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004
7 Cent Gas Tax Fund	\$ 227,703	\$ 131,937	\$ 328,717	\$ 400,242	\$ 133,969
4 & 5 Cent Gas Tax Fund	500,551	348,727	195,270	234,407	-
Total	<u>\$ 728,254</u>	<u>\$ 480,663</u>	<u>\$ 523,987</u>	<u>\$ 634,649</u>	<u>\$ 133,969</u>

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

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

Fund Description	Fiscal Year 2000	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004
Total	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 559,475</u>

In sum, the City will seek to continually improve the processes for maintaining an adequate inventory and sustaining the minimum threshold for the quality of its 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.

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2004

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. Because the City only has seven bridges in its inventory, maintenance of the inventory will be a much less extensive task than that of the street inventory.
2. Every two years the State of Alabama conducts inspections for our seven bridges. Thus, all of the bridges were inspected in 2004. However, this information was not available in time to include in this report. As a result, the ratings are from the 2002 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, 2004

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

The overall rate for each of the seven 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 two out of the seven bridges. Instead, for culvert bridges, the rating is based on the overall rating of the culvert category. As a result, five of the seven bridges are rated 7 and the two culvert bridges are rated 6.

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

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

Thus, with 157 total estimated years and 7 bridges, the average age of Hoover Bridges = **22 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 22 years. Going back 22 years from 2004, the average construction cost was \$3,825 in 2002. For 2004, the annual average construction cost was \$7,115. 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:

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

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2004

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 annually 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 seven 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 seven 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, 2004

	Special Revenue								
	E-911	Wireless E-911	State Seven Cent Gasoline Tax	State Four and Five Cent Gasoline Tax	CDBG	Alabama Trust Fund Interest	Drug Enforce- ment	Court and Corrections	Court Training
Assets									
Pooled cash and investments	\$ 45,994	\$ 611,802	\$ 1,119,783	\$ 962,586	\$ -	\$ 603,761	\$ 656,527	\$ 325,647	\$ 74,223
Receivables									
Taxes	-	-	-	-	-	-	-	-	-
Accounts	65,562	13,567	-	-	188,211	-	-	-	-
Due from other governments	-	-	71,147	43,037	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Total assets	\$ 111,556	\$ 625,369	\$ 1,190,931	\$ 1,005,623	\$ 188,211	\$ 603,761	\$ 656,527	\$ 325,647	\$ 74,223
Liabilities and fund balances									
Accounts payable and accrued liabilities	\$ 111,556	\$ -	\$ 225	\$ -	\$ 52,645	\$ -	\$ 272,373	\$ 40,438	\$ -
Internal balances	-	-	-	-	135,566	-	-	-	-
Total liabilities	111,556	-	225	-	188,211	-	272,373	40,438	-
Fund balances									
Unreserved, undesignated fund balance	-	625,369	1,190,705	1,005,623	-	603,761	384,154	285,209	74,223
Total fund balances	-	625,369	1,190,705	1,005,623	-	603,761	384,154	285,209	74,223
Total liabilities and fund balances	\$ 111,556	\$ 625,369	\$ 1,190,931	\$ 1,005,623	\$ 188,211	\$ 603,761	\$ 656,527	\$ 325,647	\$ 74,223

THE CITY OF HOOVER, ALABAMA
Combining Balance Sheet - Continued
Non-Major Governmental Funds
September 30, 2004

	Special Revenue - Continued							Capital Projects	Total Nonmajor Governmental Funds	
	Traffic Safety	Local Law Enforcement Block Grant	General Grants	COPS	BRPC Highway Safety	Bullet Proof Vest Program	DARE	Total		Other Capital Projects Fund
Assets										
Pooled cash and investments	\$ 154,999	\$ 626	\$ 61,725	\$ -	\$ -	\$ -	\$ 11,801	\$ 4,629,476	\$ -	\$ 4,629,476
Receivables										
Taxes	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	2,840	22,083	-	5,410	1,474	299,146	299,434	598,580
Due from other governments	-	-	-	-	-	-	-	114,185	-	114,185
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 154,999	\$ 626	\$ 64,565	\$ 22,083	\$ -	\$ 5,410	\$ 13,275	\$ 5,042,807	\$ 299,434	\$ 5,342,241
Liabilities and fund balances										
Accounts payable and accrued liabilities	\$ 14,519	\$ -	\$ 61	\$ -	\$ -	\$ 1,972	\$ -	\$ 493,789	\$ 116,049	\$ 609,839
Internal balances	-	-	-	22,083	-	3,438	-	161,087	183,385	344,472
Total liabilities	14,519	-	61	22,083	-	5,410	-	654,876	299,434	954,311
Fund balances								-		
Unreserved, undesignated fund balance	140,480	626	64,505	-	-	-	13,275	4,387,930	-	4,387,930
Total fund balances	140,480	626	64,505	-	-	-	13,275	4,387,930	-	4,387,930
Total liabilities and fund balances	\$ 154,999	\$ 626	\$ 64,565	\$ 22,083	\$ -	\$ 5,410	\$ 13,275	\$ 5,042,807	\$ 299,434	\$ 5,342,241

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, 2004

	Special Revenue								
	E-911	Wireless E-911	State Seven Cent Gasoline Tax	State Four and Five Cent Gasoline Tax	CDBG	Alabama Trust Fund Interest	Drug Enforce- ment	Court and Corrections	Court Training
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	2,741	-	713,722	474,846	241,361	265,603	-	-	-
Fines and forfeits	-	-	-	-	-	-	587,455	246,289	14,411
Investment income	-	-	-	-	-	-	5,374	-	-
Rents and royalties	-	-	-	-	-	-	-	-	-
Contributions and reimbursements	164	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Charges for services	737,307	157,894	-	-	-	-	-	2,564	-
Total revenues	<u>740,212</u>	<u>157,894</u>	<u>713,722</u>	<u>474,846</u>	<u>241,361</u>	<u>265,603</u>	<u>592,829</u>	<u>248,853</u>	<u>14,411</u>
Expenditures									
Current operations									
General government	-	-	-	-	40,321	-	-	-	-
Public safety	1,851,629	23,500	-	-	-	-	14,750	5,073	-
Library	-	-	-	-	-	-	-	-	-
Municipal court	-	-	-	-	-	-	-	642,729	4,200
Sanitation	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Highway and roadway improvements	-	-	133,969	2,238	-	-	-	-	-
Recreation services	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Total	<u>1,851,629</u>	<u>23,500</u>	<u>133,969</u>	<u>2,238</u>	<u>40,321</u>	<u>-</u>	<u>14,750</u>	<u>647,802</u>	<u>4,200</u>
Capital outlays	-	-	73,099	-	201,041	-	275,475	-	-
Total expenditures	<u>1,851,629</u>	<u>23,500</u>	<u>207,068</u>	<u>2,238</u>	<u>241,361</u>	<u>-</u>	<u>290,225</u>	<u>647,802</u>	<u>4,200</u>
Excess of revenues over (under) expenditures	(1,111,416)	134,394	506,654	472,608	-	265,603	302,604	(398,949)	10,211
Other financing sources (uses)									
Interfund transfers	1,111,416	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,111,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	134,394	506,654	472,608	-	265,603	302,604	(398,949)	10,211
Fund balances, beginning of year	-	490,976	684,052	533,015	-	338,159	81,549	684,158	64,012
Fund balances, end of year	<u>\$ -</u>	<u>\$ 625,369</u>	<u>\$ 1,190,705</u>	<u>\$ 1,005,623</u>	<u>\$ -</u>	<u>\$ 603,761</u>	<u>\$ 384,154</u>	<u>\$ 285,209</u>	<u>\$ 74,223</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, 2004

	Special Revenue - Continued								Capital Projects	Total Nonmajor Governmental Funds
	Traffic Safety	Local Law Enforcement Block Grant	General Grants	COPS	BRPC Highway Safety	Bullet Proof Vest Program	DARE	Total	Other Capital Projects Fund	
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	13,962	28,550	92,009	-	5,410	8,033	1,846,237	138,907	1,985,143
Fines and forfeits	53,450	-	-	-	-	-	-	901,605	-	901,605
Investment income	-	-	-	-	-	-	-	5,374	-	5,374
Rents and royalties	-	-	-	-	-	-	-	-	-	-
Contributions and reimbursements	-	-	-	-	-	-	1,450	1,614	-	1,614
Other	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	897,765	-	897,765
Total revenues	<u>53,450</u>	<u>13,962</u>	<u>28,550</u>	<u>92,009</u>	<u>-</u>	<u>5,410</u>	<u>9,483</u>	<u>3,652,594</u>	<u>138,907</u>	<u>3,791,501</u>
Expenditures										
Current operations										
General government	-	-	-	-	-	-	-	40,321	-	40,321
Public safety	-	14,926	34,545	92,009	-	11,195	9,015	2,056,642	-	2,056,642
Library	-	-	-	-	-	-	-	-	-	-
Municipal court	29,599	-	-	-	-	-	-	676,528	-	676,528
Sanitation	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Highway and roadway improvements	-	-	-	-	-	-	-	136,207	-	136,207
Recreation services	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Total	<u>29,599</u>	<u>14,926</u>	<u>34,545</u>	<u>92,009</u>	<u>-</u>	<u>11,195</u>	<u>9,015</u>	<u>2,909,697</u>	<u>-</u>	<u>2,909,697</u>
Capital outlays	-	-	-	-	-	-	-	549,615	161,155	710,770
Total expenditures	<u>29,599</u>	<u>14,926</u>	<u>34,545</u>	<u>92,009</u>	<u>-</u>	<u>11,195</u>	<u>9,015</u>	<u>3,459,312</u>	<u>161,155</u>	<u>3,620,467</u>
Excess of revenues over (under) expenditures	23,851	(964)	(5,996)	-	-	(5,785)	468	193,282	(22,248)	171,034
Other financing sources (uses)										
Interfund transfers	-	1,551	70,500	-	-	1,317	2,436	1,187,220	13,539	1,200,759
Total other financing sources (uses)	<u>-</u>	<u>1,551</u>	<u>70,500</u>	<u>-</u>	<u>-</u>	<u>1,317</u>	<u>2,436</u>	<u>1,187,220</u>	<u>13,539</u>	<u>1,200,759</u>
Net change in fund balances	23,851	587	64,505	-	-	(4,468)	2,904	1,380,503	(8,709)	1,371,793
Fund balances, beginning of year	<u>116,629</u>	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,468</u>	<u>10,371</u>	<u>3,007,428</u>	<u>8,709</u>	<u>3,016,137</u>
Fund balances, end of year	<u>\$ 140,480</u>	<u>\$ 626</u>	<u>\$ 64,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,275</u>	<u>\$ 4,387,930</u>	<u>\$ -</u>	<u>\$ 4,387,930</u>

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OTHER SUPPLEMENTARY INFORMATION

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
E-911 Fund
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	2,741	2,741
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	164	164
Charges for services	800,000	800,000	737,307	(62,693)
Other	-	-	-	-
Total revenues	<u>800,000</u>	<u>800,000</u>	<u>740,212</u>	<u>(59,788)</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	1,820,161	1,850,446	1,851,629	(1,183)
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>1,820,161</u>	<u>1,850,446</u>	<u>1,851,629</u>	<u>(1,183)</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,820,161</u>	<u>1,850,446</u>	<u>1,851,629</u>	<u>(1,183)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,020,161)	(1,050,446)	(1,111,416)	(60,970)
Other financing sources (uses)				
Interfund transfers	1,020,161	1,050,446	1,111,416	60,970
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>1,020,161</u>	<u>1,050,446</u>	<u>1,111,416</u>	<u>60,970</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balances, beginning of year			-	
Fund balances, end of year			<u>\$ -</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Wireless E-911 Fund
For the year ended September 30, 2004

	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	130,000	130,000	157,894	27,894
Other	-	-	-	-
Total revenues	130,000	130,000	157,894	27,894
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	82,000	82,000	23,500	58,500
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	82,000	82,000	23,500	58,500
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	82,000	82,000	23,500	58,500
Excess (deficiency) of revenues over (under) expenditures	48,000	48,000	134,394	86,394
Other financing sources (uses)				
Interfund transfers	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ 48,000	\$ 48,000	134,394	\$ 86,394
Fund balances, beginning of year			490,976	
Fund balances, end of year			\$ 625,369	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
State Seven Cent Gasoline Tax
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	703,500	703,500	713,722	10,222
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	703,500	703,500	713,722	10,222
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	400,000	400,000	133,969	266,031
Recreation services	-	-	-	-
Health	-	-	-	-
Total	400,000	400,000	133,969	266,031
Capital outlays	597,500	597,500	73,099	524,401
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	997,500	997,500	207,068	790,432
Excess (deficiency) of revenues over (under) expenditures	(294,000)	(294,000)	506,654	800,654
Other financing sources (uses)				
Interfund transfers	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ (294,000)	\$ (294,000)	506,654	\$ 800,654
Fund balances, beginning of year			684,052	
Fund balances, end of year			\$ 1,190,705	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
State Four and Five Cent Gasoline Tax
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	450,000	450,000	474,846	24,846
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>474,846</u>	<u>24,846</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	450,000	450,000	2,238	447,763
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>450,000</u>	<u>450,000</u>	<u>2,238</u>	<u>447,763</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>450,000</u>	<u>450,000</u>	<u>2,238</u>	<u>447,763</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	472,608	472,608
Other financing sources (uses)				
Interfund transfers	-	-	-	-
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>	472,608	<u>\$ 472,608</u>
Fund balances, beginning of year			<u>533,015</u>	
Fund balances, end of year			<u>\$ 1,005,623</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
CDBG
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	558,323	558,323	241,361	(316,962)
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>558,323</u>	<u>558,323</u>	<u>241,361</u>	<u>(316,962)</u>
Expenditures				
Current operations				
General government	87,700	87,700	40,321	47,379
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>87,700</u>	<u>87,700</u>	<u>40,321</u>	<u>47,379</u>
Capital outlays	470,623	470,623	201,041	269,582
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>558,323</u>	<u>558,323</u>	<u>241,361</u>	<u>316,962</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Interfund transfers	-	-	-	-
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>	
Fund balances, end of year			<u>\$ -</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Alabama Trust Fund Interest
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	240,000	240,000	265,603	25,603
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>240,000</u>	<u>240,000</u>	<u>265,603</u>	<u>25,603</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlays	420,000	420,000	-	420,000
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>420,000</u>	<u>420,000</u>	<u>-</u>	<u>420,000</u>
Excess (deficiency) of revenues over (under) expenditures	(180,000)	(180,000)	265,603	445,603
Other financing sources (uses)				
Interfund transfers	-	-	-	-
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>\$ (180,000)</u>	<u>\$ (180,000)</u>	265,603	<u>\$ 445,603</u>
Fund balances, beginning of year			<u>338,159</u>	
Fund balances, end of year			<u>\$ 603,761</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Drug Enforcement
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	556,807	587,455	30,648
Investment income	-	-	5,374	5,374
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>556,807</u>	<u>592,829</u>	<u>36,022</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	12,396	66,401	14,750	51,652
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>12,396</u>	<u>66,401</u>	<u>14,750</u>	<u>51,652</u>
Capital outlays	29,000	534,274	275,475	258,799
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>41,396</u>	<u>600,675</u>	<u>290,225</u>	<u>310,451</u>
Excess (deficiency) of revenues over (under) expenditures	(41,396)	(43,868)	302,604	346,472
Other financing sources (uses)				
Interfund transfers	-	-	-	-
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>\$ (41,396)</u>	<u>\$ (43,868)</u>	302,604	<u>\$ 346,472</u>
Fund balances, beginning of year			<u>81,549</u>	
Fund balances, end of year			<u>\$ 384,154</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Court and Corrections
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	200,000	200,000	246,289	46,289
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	2,564	2,564
Other	-	-	-	-
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>248,853</u>	<u>48,853</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	16,311	16,311	5,073	11,238
Library	-	-	-	-
Municipal court	661,325	675,361	642,729	32,632
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>677,636</u>	<u>691,672</u>	<u>647,802</u>	<u>43,870</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>677,636</u>	<u>691,672</u>	<u>647,802</u>	<u>43,870</u>
Excess (deficiency) of revenues over (under) expenditures	(477,636)	(491,672)	(398,949)	92,723
Other financing sources (uses)				
Interfund transfers	-	-	-	-
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>\$ (477,636)</u>	<u>\$ (491,672)</u>	(398,949)	<u>\$ 92,723</u>
Fund balances, beginning of year			<u>684,158</u>	
Fund balances, end of year			<u>\$ 285,209</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Court Training
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	12,000	12,000	14,411	2,411
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>14,411</u>	<u>2,411</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	9,600	9,600	4,200	5,400
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>9,600</u>	<u>9,600</u>	<u>4,200</u>	<u>5,400</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>9,600</u>	<u>9,600</u>	<u>4,200</u>	<u>5,400</u>
Excess (deficiency) of revenues over (under) expenditures	2,400	2,400	10,211	7,811
Other financing sources (uses)				
Interfund transfers	-	-	-	-
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>\$ 2,400</u>	<u>\$ 2,400</u>	10,211	<u>\$ 7,811</u>
Fund balances, beginning of year			<u>64,012</u>	
Fund balances, end of year			<u>\$ 74,223</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Traffic Safety
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	15,000	15,000	53,450	38,450
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>53,450</u>	<u>38,450</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	32,290	34,290	29,599	4,691
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>32,290</u>	<u>34,290</u>	<u>29,599</u>	<u>4,691</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>32,290</u>	<u>34,290</u>	<u>29,599</u>	<u>4,691</u>
Excess (deficiency) of revenues over (under) expenditures	(17,290)	(19,290)	23,851	43,141
Other financing sources (uses)				
Interfund transfers	-	-	-	-
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>\$ (17,290)</u>	<u>\$ (19,290)</u>	23,851	<u>\$ 43,141</u>
Fund balances, beginning of year			<u>116,629</u>	
Fund balances, end of year			<u>\$ 140,480</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Local Law Enforcement Block Grant
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	13,962	13,962	13,962	-
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>13,962</u>	<u>13,962</u>	<u>13,962</u>	<u>-</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	15,513	15,513	14,926	587
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>15,513</u>	<u>15,513</u>	<u>14,926</u>	<u>587</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>15,513</u>	<u>15,513</u>	<u>14,926</u>	<u>587</u>
Excess (deficiency) of revenues over (under) expenditures	(1,551)	(1,551)	(964)	587
Other financing sources (uses)				
Interfund transfers	1,551	1,551	1,551	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>1,551</u>	<u>1,551</u>	<u>1,551</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	587	<u>\$ 587</u>
Fund balances, beginning of year			<u>39</u>	
Fund balances, end of year			<u>\$ 626</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Grants
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	499,398	525,384	28,550	(496,834)
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>499,398</u>	<u>525,384</u>	<u>28,550</u>	<u>(496,834)</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	66,548	142,534	34,545	107,989
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>66,548</u>	<u>142,534</u>	<u>34,545</u>	<u>107,989</u>
Capital outlays	503,350	453,350	-	453,350
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>569,898</u>	<u>595,884</u>	<u>34,545</u>	<u>561,339</u>
Excess (deficiency) of revenues over (under) expenditures	(70,500)	(70,500)	(5,996)	64,505
Other financing sources (uses)				
Interfund transfers	70,500	70,500	70,500	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>70,500</u>	<u>70,500</u>	<u>70,500</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	64,505	<u>\$ 64,505</u>
Fund balances, beginning of year			-	
Fund balances, end of year			<u>\$ 64,505</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
COPS
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	83,333	83,333	92,009	8,676
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>83,333</u>	<u>83,333</u>	<u>92,009</u>	<u>8,676</u>
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	100,065	100,065	92,009	8,056
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>100,065</u>	<u>100,065</u>	<u>92,009</u>	<u>8,056</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>100,065</u>	<u>100,065</u>	<u>92,009</u>	<u>8,056</u>
Excess (deficiency) of revenues over (under) expenditures	(16,732)	(16,732)	-	16,732
Other financing sources (uses)				
Interfund transfers	16,732	16,732	-	(16,732)
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>16,732</u>	<u>16,732</u>	<u>-</u>	<u>(16,732)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			<u>-</u>	
Fund balances, end of year			<u>\$ -</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
BRPC Highway Safety
For the year ended September 30, 2004

	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	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Interfund transfers	-	-	-	-
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>
Fund balances, beginning of year			<u>-</u>	
Fund balances, end of year			<u>\$ -</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Bullet Proof Vest Program
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	5,410	5,410
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	5,410	5,410
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	16,500	16,500	11,195	5,305
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	16,500	16,500	11,195	5,305
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	16,500	16,500	11,195	5,305
Excess (deficiency) of revenues over (under) expenditures	(16,500)	(16,500)	(5,785)	10,715
Other financing sources (uses)				
Interfund transfers	16,500	16,500	1,317	(15,183)
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	16,500	16,500	1,317	(15,183)
Net change in fund balances	\$ -	\$ -	(4,468)	\$ (4,468)
Fund balances, beginning of year			4,468	
Fund balances, end of year			\$ -	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
DARE
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	5,682	5,682	8,033	2,351
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	1,450	1,450
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	5,682	5,682	9,483	3,801
Expenditures				
Current operations				
General government	-	-	-	-
Public safety	15,682	15,682	9,015	6,667
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	15,682	15,682	9,015	6,667
Capital outlays	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	15,682	15,682	9,015	6,667
Excess (deficiency) of revenues over (under) expenditures	(10,000)	(10,000)	468	10,468
Other financing sources (uses)				
Interfund transfers	2,436	2,436	2,436	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	2,436	2,436	2,436	-
Net change in fund balances	\$ (7,564)	\$ (7,564)	2,904	\$ 10,468
Fund balances, beginning of year			10,371	
Fund balances, end of year			\$ 13,275	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Other Capital Projects Fund
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	9,521,419	9,603,371	138,907	(9,464,464)
Fines and forfeits	-	-	-	-
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>9,521,419</u>	<u>9,603,371</u>	<u>138,907</u>	<u>(9,464,464)</u>
Expenditures				
Current operations				
General government	344,000	344,000	-	344,000
Public safety	-	-	-	-
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	20,000	20,000	-	20,000
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>364,000</u>	<u>364,000</u>	<u>-</u>	<u>364,000</u>
Capital outlays	9,157,419	9,239,371	161,155	9,078,216
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>9,521,419</u>	<u>9,603,371</u>	<u>161,155</u>	<u>9,442,216</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(22,248)	(22,248)
Other financing sources (uses)				
Interfund transfers	-	-	13,539	13,539
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>13,539</u>	<u>13,539</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(8,709)</u>	<u>\$ (8,709)</u>
Fund balances, beginning of year			<u>8,709</u>	
Fund balances, end of year			<u>\$ -</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Capital Projects Fund
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	90,000	90,000	82,208	(7,792)
Fines and forfeits	9,169	9,169	9,170	1
Investment income	-	-	-	-
Rents and royalties	-	-	-	-
Contributions and reimbursements	94,666	97,540	391,721	294,181
Charges for services	-	-	-	-
Other	25,000	25,000	25,000	-
Total revenues	<u>218,835</u>	<u>221,709</u>	<u>508,099</u>	<u>286,390</u>
Expenditures				
Current operations				
General government	871,009	875,123	430,167	444,956
Public safety	352,025	400,425	88,729	311,696
Library	-	-	-	-
Municipal court	-	-	-	-
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	207,386	207,386	104,603	102,783
Recreation services	1,041,084	1,041,084	1,010,783	30,301
Health	-	-	-	-
Total	<u>2,471,504</u>	<u>2,524,018</u>	<u>1,634,282</u>	<u>889,736</u>
Capital outlays	10,863,774	9,795,663	1,343,952	8,451,711
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>13,335,278</u>	<u>12,319,681</u>	<u>2,978,234</u>	<u>9,341,447</u>
Excess (deficiency) of revenues over (under) expenditures	(13,116,443)	(12,097,972)	(2,470,135)	9,627,837
Other financing sources (uses)				
Interfund transfers	3,000,000	6,600,000	6,600,000	-
Proceeds from refunding bonds	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>3,000,000</u>	<u>6,600,000</u>	<u>6,600,000</u>	<u>-</u>
Net change in fund balances	<u>\$ (10,116,443)</u>	<u>\$ (5,497,972)</u>	4,129,865	<u>\$ 9,627,837</u>
Fund balances, beginning of year			<u>13,451,637</u>	
Fund balances, end of year			<u>\$ 17,581,502</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
GOW Capital Projects Fund
For the year ended September 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fines and forfeits	-	-	-	-
Investment income	-	-	374,461	374,461
Rents and royalties	-	-	-	-
Contributions and reimbursements	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>374,461</u>	<u>374,461</u>
Expenditures				
Current operations				
General government	6,851,774	7,171,054	819,512	6,351,542
Public safety	8,226	45,211	45,037	174
Library	-	-	-	-
Municipal court	-	25,700	24,956	744
Sanitation	-	-	-	-
Education	-	-	-	-
Highway and roadway improvements	-	-	-	-
Recreation services	-	-	-	-
Health	-	-	-	-
Total	<u>6,860,000</u>	<u>7,241,965</u>	<u>889,505</u>	<u>6,352,460</u>
Capital outlays	20,961,277	21,553,197	19,567,755	1,985,442
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>27,821,277</u>	<u>28,795,162</u>	<u>20,457,260</u>	<u>8,337,902</u>
Excess (deficiency) of revenues over (under) expenditures	(27,821,277)	(28,795,162)	(20,082,800)	8,712,362
Other financing sources (uses)				
Interfund transfers	-	-	-	-
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>\$ (27,821,277)</u>	<u>\$ (28,795,162)</u>	(20,082,800)	<u>\$ 8,712,362</u>
Fund balances, beginning of year			<u>29,361,008</u>	
Fund balances, end of year			<u>\$ 9,278,208</u>	

STATISTICAL SECTION

PRIMARY GOVERNMENT

THE CITY OF HOOVER, ALABAMA
General Governmental Tax Revenues by Source
All Governmental Fund Types
Last Ten Fiscal Years

<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>
1995	\$ 32,970,930	\$ 3,369,272	\$ 236,526	\$ 53,062	\$ 137,010		1,114,780	\$ 37,881,580
1996	34,242,731	3,781,319	317,485	53,062	150,336		1,056,952	39,601,885
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	47,552,917	5,900,922	804,160	8,847	659,009	3,301,523 (A)	1,987,514	60,214,892
2004	52,097,889	6,839,985	872,472	8,847	674,964	3,432,507 (A)	2,174,787	66,101,452

(A) With the implementation of GASB 34, the City reclassified some accounts to the Taxes category that had not been previously classified as such.

THE CITY OF HOOVER, ALABAMA
General Governmental Expenditures by Functions
All Governmental Fund Types
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety & Court</u>	<u>Streets and Sanitation</u>	<u>Library</u>	<u>Recreation Services</u>	<u>Education</u>	<u>Health</u>	<u>Capital Outlays</u>	<u>Debt Service</u>	<u>Total</u>
1995	\$ 3,650,427	\$ 14,923,300	\$ 4,360,208				\$ 331,883	\$ 9,543,813	\$ 4,921,841	\$ 37,731,472
1996	5,573,911	17,018,226	5,305,308				347,259	7,892,679	5,327,006	41,464,389
1997	5,972,878	17,450,403	5,248,576				347,843	9,775,534	4,813,756	43,608,990
1998	5,325,776	19,284,687	6,205,693				365,070	5,329,877	5,661,995	42,173,098
1999	6,512,020	20,712,864	5,926,537				356,631	5,787,340	6,432,052	45,727,444
2000	6,882,945	23,218,922	6,536,354				327,890	16,797,201	6,517,126	60,280,438
2001	7,534,105	24,816,443	6,528,931				211,910	12,107,452	8,026,722	59,225,563
2002 (A)	8,074,561	26,005,419	7,404,459		2,431,397		418,807	8,129,245	7,446,465	59,910,353
2003 (B)	8,031,148	28,613,293	8,130,535	3,874,224	5,190,949	7,560,622	197,634	17,953,337	9,181,013	88,732,755
2004	9,584,128	31,688,376	7,500,733	4,120,702	5,684,917	8,335,662	205,191	22,739,679	9,285,390	99,144,778

(A) Park Maintenance was under Public Works in the General Fund

(B) The Parks and Recreation and Library Discretely Presented Component Units were changed to departments within the General Fund

The School Board was removed as a Component Unit

THE CITY OF HOOVER, ALABAMA
General Governmental Revenues by Source
All Governmental Fund Types
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Inter-Governmental	Fines and Forfeits	Investment Income	Charges for Services	Other	Total
1995	\$ 37,881,580	\$ 6,376,852	\$ 2,448,911	\$ 487,896	\$ 1,180,986 (A)		\$ 1,334,423	\$ 49,710,648
1996	39,601,885	6,951,010	2,355,881	852,158	558,440		1,072,449	51,391,823
1997	42,061,228	7,833,276	2,260,279	939,012	925,011		1,989,843	56,008,649
1998	42,853,434	8,164,042	2,704,982	1,182,346	1,228,608		1,301,811	57,435,223
1999	45,534,524	9,117,729	3,075,793	1,100,142	1,250,397		1,239,620	61,318,205
2000	47,617,556	9,002,056	4,246,598	1,455,122	3,053,705		1,426,777	66,801,814
2001	49,904,277	9,351,131	3,254,141	1,219,308	3,020,823		1,989,140	68,738,820
2002	55,006,564	10,254,746	3,888,795	1,150,399	1,693,602	1,195,571 (B)	757,418	73,947,095
2003	60,214,892 (C)	7,774,194	5,952,367	1,277,982	1,379,526	2,285,998 (B)	3,187,234	82,072,193
2004	66,101,452 (C)	8,750,751	4,095,296	1,881,578	1,795,771	2,269,281 (B)	1,343,915	86,238,043

(A) Includes interest earned on loan to Board of Education

(B) FY 2002 began separating out Charges for Services from the Other Category

(C) Gross Receipts and Franchise revenues were reclassified from Licenses and Permits to Taxes

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

Jefferson County:

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Property Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
1995	\$ 2,500,478	\$ 2,340,533	93.60%	\$ 50,862	\$ 2,391,395	95.6
1996	2,568,380	2,524,918	98.3	89,335	2,614,253	101.8
1997	2,483,495	2,616,964	105.4	32,944	2,649,908	106.7
1998	2,802,963	2,764,344	98.6	12,696	2,777,040	99.1
1999	2,872,611	2,846,285	99.1	4,694	2,850,979	99.2
2000	3,448,634	3,418,252	99.1	8,958	3,427,210	99.4
2001	3,552,092	3,537,316	99.6	11,118	3,548,434	99.9
2002	3,502,672	3,500,780	99.9	21,629	3,522,409	100.6
2003	3,686,294	3,699,348	100.4	20,445	3,719,793	100.9
2004	4,278,404	4,296,294	100.4	20,186	4,316,480	100.9

Shelby County:

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Property Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
1995	\$ 1,011,854	\$ 971,018	95.96%	\$ 6,859	\$ 977,877	96.6
1996	1,216,615	1,167,066	95.9	2,137	1,169,203	96.1
1997	1,350,966	1,329,133	98.4	2,279	1,331,412	98.6
1998	1,531,197	1,476,563	96.4	226	1,476,790	96.4
1999	1,571,374	1,605,034	102.1	207	1,605,241	102.2
2000	1,882,191	1,787,644	95.0	546	1,788,190	95.0
2001	1,941,599	1,936,145	99.7	1,332	1,937,477	99.8
2002	2,087,040	2,097,756	100.5	9,335	2,107,091	101.0
2003	2,199,425	2,180,202	99.1	928	2,181,129	99.2
2004	2,507,879	2,522,883	100.6	622	2,523,505	100.6

(A) Excludes property tax on motor vehicles

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

Jefferson County:

Fiscal Year	Real Property (A)		Personal Property (A)		Public Utility Property (A)		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	
1995	\$ 292,958,228	\$ 2,037,742,851	\$ 32,520,437	\$ 162,602,185	\$ 67,054,700	\$ 223,493,315	\$ 392,533,365	\$ 2,423,838,351	16.19%
1996	299,007,442	2,108,839,188	36,582,126	182,910,630	68,298,740	227,639,700	403,888,308	2,519,389,518	16.03%
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%

Shelby County:

Fiscal Year	Real Property (A)		Personal Property (A)		Public Utility Property (A)		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	
1995	\$ 139,602,460	\$ 975,763,600	\$ 13,720,480	\$ 68,602,400	\$ 4,640,820	\$ 15,469,400	\$ 157,963,760	\$ 1,059,835,400	14.90%
1996	159,994,480	1,144,416,000	16,629,200	83,146,000	12,993,360	43,311,200	189,617,040	1,270,873,200	14.92%
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%

(A) Excludes motor vehicles

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

Jefferson County

Fiscal Year Ended September 30,	City of Hoover			Jefferson County				State of Alabama	Total Tax
	General Fund	City Schools	City Total	County	County Schools	School District	County Total		
1995	0.65	1.40	2.05	1.35	0.82	1.39	3.56	0.65	6.26
1996	0.65	1.40	2.05	1.35	0.82	1.39	3.56	0.65	6.26
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

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			County Total
1995	0.65	1.40	2.05	0.75	1.60	0.60	0.40	3.35	0.65	6.05
1996	0.65	1.40	2.05	0.75	1.60	0.60		2.95	0.65	5.65
1997	0.65	1.40	2.05	0.75	1.60	0.60		2.95	0.65	5.65
1998	0.65	1.40	2.05	0.75	1.60	0.60		2.95	0.65	5.65
1999 (A)	0.65	2.40	3.05	0.75	1.60	0.60		2.95	0.65	6.65
2000	0.65	2.40	3.05	0.75	1.60	0.60		2.95	0.65	6.65
2001	0.65	2.40	3.05	0.75	1.60	0.60		2.95	0.65	6.65
2002	0.65	2.40	3.05	0.75	1.60	0.60		2.95	0.65	6.65
2003	0.65	2.40	3.05	0.75	1.60	0.60		2.95	0.65	6.65
2004	0.65	2.40	3.05	0.75	1.60	0.60		2.95	0.65	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.

Source: Jefferson and Shelby County Tax Collectors

THE CITY OF HOOVER, ALABAMA
Principal Property Taxpayers
For the Fiscal Year Ended September 30, 2004

	<u>City Only Ad Valorem Taxes</u>	<u>Percentage of Total Property Taxes Collected (A)</u>
Bellsouth Telecommunications	\$ 465,611	6.81%
Amsouth Bank & Investment Services	216,086	3.16%
Metropolitan Life Insurance Co	192,933	2.82%
Blue Cross & Blue Shield	191,289	2.80%
Hoover Mall Limited LP	171,491	2.51%
Colonial Realty LTD PTN	90,198	1.32%
Meadowbrook Properties	88,762	1.30%
Alabama Power Co	53,759	0.79%
IBM Credit LLC	41,112	0.60%
Wynfrey Hotel Ltd	36,361	0.53%
 Total Ad Valorem Taxes - Principal Property Taxpayers	 <u>1,547,603</u>	 <u>22.63%</u>
 Total Ad Valorem Taxes - All Taxpayers	 <u>\$ 6,839,985 (A)</u>	 <u>100.00%</u>

(A) Excludes motor vehicles

Source: Jefferson and Shelby County Tax Collectors

THE CITY OF HOOVER, ALABAMA
Computation of Legal Debt Margin
September 30, 2004

Assessed value of property:		
Jefferson County	\$	751,798,368
Shelby County		<u>453,080,740</u>
Total Assessed Value of Property		<u><u>1,204,879,108</u></u> (A) (B)
Debt Limit - 20 percent of total assessed value		240,975,822
Amount of debt applicable to debt limit:		
General Obligation Warrants		<u>111,280,000</u>
Legal debt margin	\$	<u><u>129,695,822</u></u>

(A) Includes assessed value of motor vehicles totaling \$137,549,720 (Jefferson County - \$74,898,040 and Shelby County - \$62,651,680)

(B) Source: Jefferson County and Shelby County Tax Assessors

THE CITY OF HOOVER, ALABAMA
Ratio of Net General Obligation Debt to Assessed Value
and Net General Obligation Debt Per Capita
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>General Obligation Debt</u>	<u>Percentage of Debt To Assessed Value</u>	<u>General Obligation Debt per Capita</u>
1995	55,000 (A)	\$ 593,026,651 (D)	\$ 64,303,684	10.84%	\$ 1,169.16
1996	56,000 (A)	642,720,988 (D)	62,411,015	9.71%	1,114.48
1997	58,500 (A)	686,350,871 (D)	60,873,278	8.87%	1,040.57
1998	60,000 (A)	748,627,210 (D)	58,379,847	7.80%	973.00
1999	62,000 (A)	773,520,238 (D)	60,858,550	7.87%	981.59
2000	62,742 (B)	945,656,163 (D)	83,160,000	8.79%	1,325.43
2001	64,605 (C)	987,056,921 (D)	79,935,000	8.10%	1,237.29
2002	65,885 (C)	1,001,764,364 (D)	76,565,000	7.64%	1,162.10
2003	67,830 (C)	1,052,540,094 (D)	115,375,000	10.96%	1,700.94
2004	70,060 (C)	1,204,879,108 (D)	111,280,000	9.24%	1,588.35

(A) Estimate by the City

(B) Federal Census

(C) House Consultants

(D) Jefferson and Shelby County Tax Assessors (includes assessed value of motor vehicles)

THE CITY OF HOOVER, ALABAMA
Ratio of Annual Debt Service Expenditures for
General Obligation Debt to Total General Governmental Expenditures
All Governmental Fund Types
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Percentage of Debt Service to Total General Expenditures</u>
1995	\$ 4,898,564	\$ 37,731,472	12.98%
1996	5,303,730	41,464,389	12.79%
1997	4,813,460	43,608,990	11.04%
1998	5,819,971	42,173,098	13.80%
1999	6,128,425	45,727,444	13.40%
2000	6,514,513	60,280,438	10.81%
2001	8,026,722	59,225,563	13.55%
2002	7,446,465	59,910,353	12.43%
2003	9,181,013 (A)	88,732,755	10.35%
2004	9,285,390	99,144,778	9.37%

(A) Includes \$1,842,632 for the 2003 bond issue expenditures

Source: City annual financial reports

THE CITY OF HOOVER, ALABAMA
Computation of Direct and Overlapping Debt
General Obligation Warrants
September 30, 2004

	<u>Total Debt Outstanding</u>	<u>Percentage Applicable to City of Hoover</u>	<u>Amount Applicable to City of Hoover</u>
Direct Debt:			
City of Hoover	\$ 111,280,000	100.00%	\$ 111,280,000
Total direct debt	<u>111,280,000</u>		<u>111,280,000</u>
Overlapping Debt:			
Hoover City Board of Education	146,710,000	100.00%	146,710,000
Jefferson County	330,825,000	10.26%	33,930,489
Jefferson County Board of Education	106,945,556	10.26%	10,968,684
Shelby County Board of Education	<u>137,316,550</u>	20.23%	<u>27,785,383</u>
Total overlapping debt	<u>721,797,106</u>		<u>219,394,556</u>
Total direct and overlapping debt	<u>\$ 833,077,106</u>		<u>\$ 330,674,556</u>

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
Demographic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population</u>		<u>Median Household Income</u>		<u>School Enrollment</u>		<u>Unemployment Rate</u>		
1995	55,000	(C)	\$	59,083	(F)	8,210	(D)	1.7%	(B)
1996	56,000	(C)		59,083	(F)	8,663	(D)	1.3%	(B)
1997	58,500	(E)		60,000	(C)	9,018	(D)	1.3%	(B)
1998	60,000	(E)		61,757	(G)	9,310	(D)	1.1%	(B)
1999	62,000	(E)		61,982	(A)	9,463	(D)	1.2%	(B)
2000	62,742	(A)		62,500	(C)	9,794	(D)	1.2%	(B)
2001	64,605	(E)		74,580	(H)	10,265	(D)	1.4%	(B)
2002	65,885	(E)		78,133	(H)	10,765	(D)	1.8%	(B)
2003	67,830	(E)		71,964	(H)	11,163	(D)	1.8%	(B)
2004	70,060	(E)		70,069	(H)	11,518	(D)	2.6%	(B)

- (A) Federal census
- (B) State Department of Industrial Relations
- (C) Estimate by City
- (D) City Board of Education
- (E) House Consultants
- (F) Porter, White Company, Inc.
- (G) Equifax National Decision Systems
- (H) Claritas

THE CITY OF HOOVER, ALABAMA
Construction, Building Permits, and Retail Sales
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Value of Commercial Construction</u>	<u>Value of Residential Construction</u>	<u>Value of Miscellaneous Construction</u>	<u>Number of Building Permits Issued</u>	<u>Retail Sales</u>
1995	62,787,313 (A)	156,126,270 (A)	11,038,992 (A)	1,504 (A)	\$ 1,783,818,654 (B)
1996	47,620,964 (A)	135,031,130 (A)	10,994,171 (A)	1,549 (A)	1,953,375,013 (B)
1997	62,487,614 (A)	135,970,884 (A)	13,982,824 (A)	1,622 (A)	2,113,087,037 (B)
1998	83,402,179 (A)	120,573,214 (A)	13,187,351 (A)	1,633 (A)	2,007,112,202 (B)
1999	109,762,038 (A)	124,288,600 (A)	20,232,976 (A)	1,594 (A)	2,313,391,757 (B)
2000	126,032,253 (A)	110,146,300 (A)	20,071,852 (A)	1,571 (A)	2,260,239,784 (B)
2001	88,476,750 (A)	118,770,857 (A)	35,364,796 (A)	1,470 (A)	2,327,706,110 (B)
2002	192,934,559 (A)	143,179,866 (A)	23,428,792 (A)	1,620 (A)	2,399,238,449 (B)
2003	118,797,011 (A)	187,612,576 (A)	43,979,664 (A)	1,836 (A)	2,522,984,556 (B)
2004	171,911,469 (A)	230,076,637 (A)	54,756,510 (A)	2,060 (A)	2,799,558,892 (B)

Source:
(A) Building Inspections Department
(B) Finance Department

THE CITY OF HOOVER, ALABAMA
Miscellaneous Statistics
September 30, 2004

Date of Incorporation: May 18, 1967

Area (Square Miles): 41.24 (A)

Public Schools:
 Established: August 29, 1988

Form of Government: Mayor-Council (5 members)

Miles of Street:
 Paved 297.64 (B)
 Under Construction 9.76 (B)
 Total 307.40

Enrollment 11,518
 Buildings:
 High schools 2
 Middle Schools 3
 Elementary Schools 10

Number of Approved Positions:

Miles of Sewers:
 Sanitary 86.1 (A)

Population:
 1968 410
 1970 1,393
 1980 19,792
 1990 39,788
 2000 62,742
 2002 65,885
 2003 67,830
 2004 70,060

Administration	19
Building Services	10
Development	2
Engineering & Horticulture	5
Finance	8
Fleet	7
Police (166FT/10TP)	176
Fire (150FT/12PT)	162
Human Resources	5
Inspection Services	19
Municipal Court (10FT/1PT)	11
Animal Control	2
Park Maintenance (35FT/1PT/5TP)	41
Public Safety Communications/Dispatch	29
Public Works	34
Revenue	7
Sewer	1
Support Services/MIS	8
Parks & Recreation (18 FT/26PT/9TP)	53
Library (41FT/49PT)	90
Total Approved Positions	<u>689</u> (G)
(576 FT, 89 PT, 6 EO, 24 TP)	

Recreation:
 Number of Parks 20 (C)
 Acres of developed parks and lakes 331 (C)
 Acres not developed 522 (C)

Public Safety:
 Number of fire stations 8
 Number of police stations 1
 Number of police substations 3

Number of housing units:
 Owner occupied 20,758
 Renter occupied 10,619
 Total 31,377

Median Age: 37.04

- Source:
 (A) GIS Department
 (B) Gonzalez-Strength Associates, Inc.
 (C) Parks and Recreation Department
 (D) Federal Census
 (E) House Consultants
 (F) Claritas, Inc.
 (G) Finance Department
 (H) City Board of Education