

THE CITY OF HOOVER, ALABAMA

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2003

Office of the Finance Director

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

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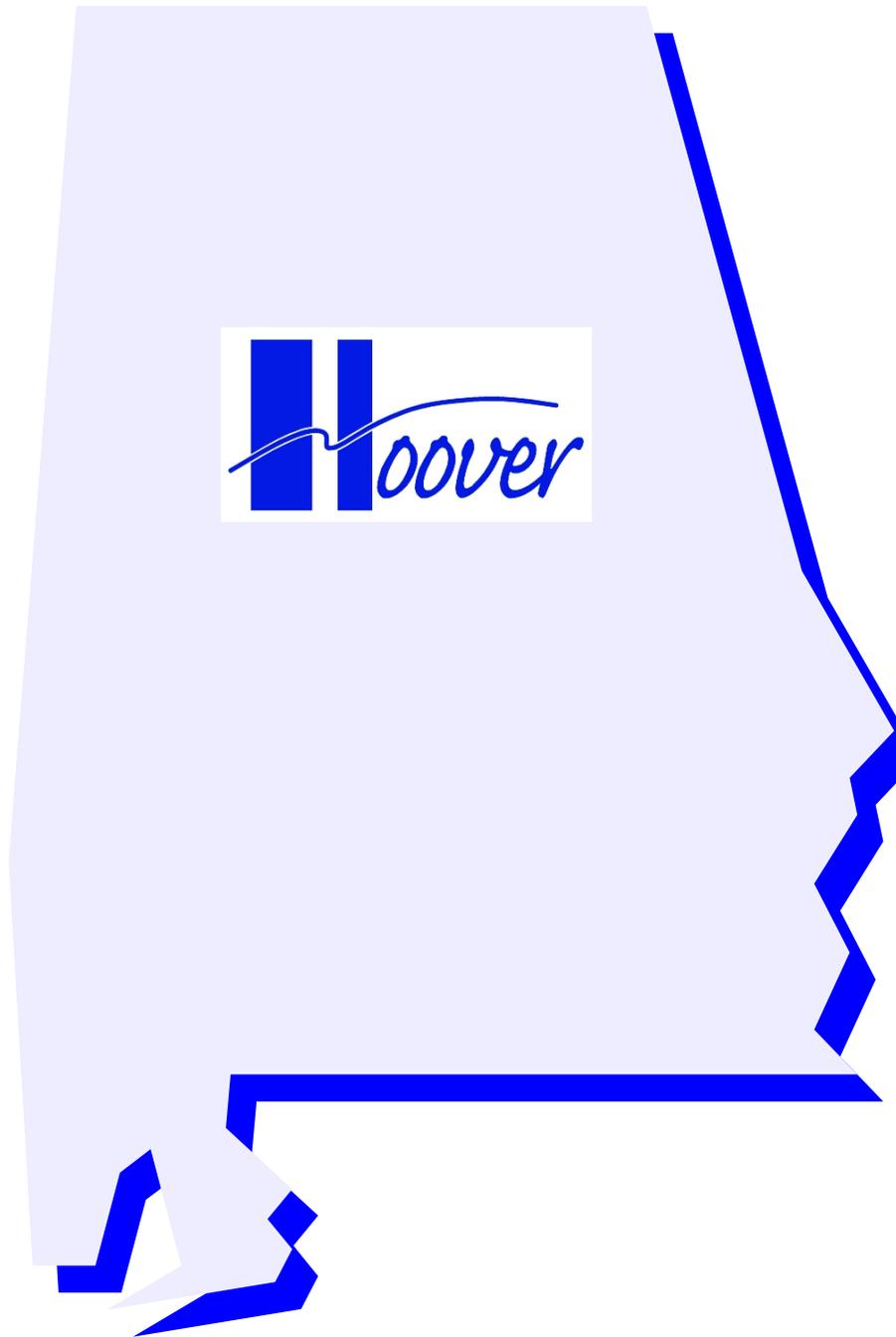
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INTRODUCTORY SECTION

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The City of Hoover has a population of 67,830 and is located in north-central Alabama within the Birmingham-Hoover metropolitan area. Hoover occupies approximately 39 square miles within Jefferson and Shelby counties.

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April 30, 2004

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, 2003, 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. 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 2000.

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 67,830, 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 Rich's, McRae'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 27% 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. The Inverness/280 portion of the City also contains many shopping options for people who live and work in that area and beyond.

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.

The school board had been included as a discretely presented component unit in the past, but due to clarification by GASB No. 39, it no longer meets the criteria to be a component unit. In particular, the school board fails to meet criteria number 2 within Statement No. 39, which states: "the primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization." Although the City Council appoints the school board, it neither imposes its will, nor is there a potential for financial benefit or burden. Each fiscal year, the City appropriates funds to be transferred to the School Board in order to support its schools. Currently, the City contributes sixteen percent of its sales tax revenue to the school system, which is less than ten percent of the school system's overall operating budget. The City realizes that a great school system increases the greatness of the City overall. However, this support is purely on a volunteer basis based on a resolution that may be rescinded at any time. Furthermore, in the event of a bankruptcy by the school board, the State of Alabama would step in as owner of the school system. Accordingly, the City has determined that the School Board no longer meets the criteria of GASB's definition of component units, and thus has been eliminated as a component unit of the City of Hoover.

The Library Board and the Parks and Recreation Board both have been included as discretely presented component units in the past. However, upon review the City has determined that they both operate as any other department does within the City, except they have their own boards governing them. While the Parks and Recreation Board is incorporated, the Library Board is not. At the same time, the City controls all willful functions such as budgeting, approval of new positions, and payment of bills for both of these entities. In addition, in fiscal 2002, the City moved the Park Maintenance function from the Parks and Recreation Department to the Public Works Department in the General Fund. After a review of GASB Statement No. 14, which provides guidance on determining the financial reporting entity, and GASB Statement No. 39, the City considers both of these entities as departments in the General Fund and thus no longer 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 7.45%, an increase from fiscal 2003 where it was 6.39%. For 2003, the City's annual pension cost of \$1,867,372 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 50 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. The average yield on all invested funds for fiscal 2003 was 3.48%.

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 loss of \$409,517 for the fiscal year ended September 30, 2003 and a net loss of \$32,600 for the fiscal year ended September 30, 2002. The net cash that was provided by operating activities totaled \$1,277,829 in fiscal 2003 and \$8,428 in fiscal 2002.

Debt Administration

As of September 30, 2003, the City had a number of debt issues outstanding. These issues included general obligation warrants totaling \$115,375,000 for the General Fund, as well as \$16,480,000 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

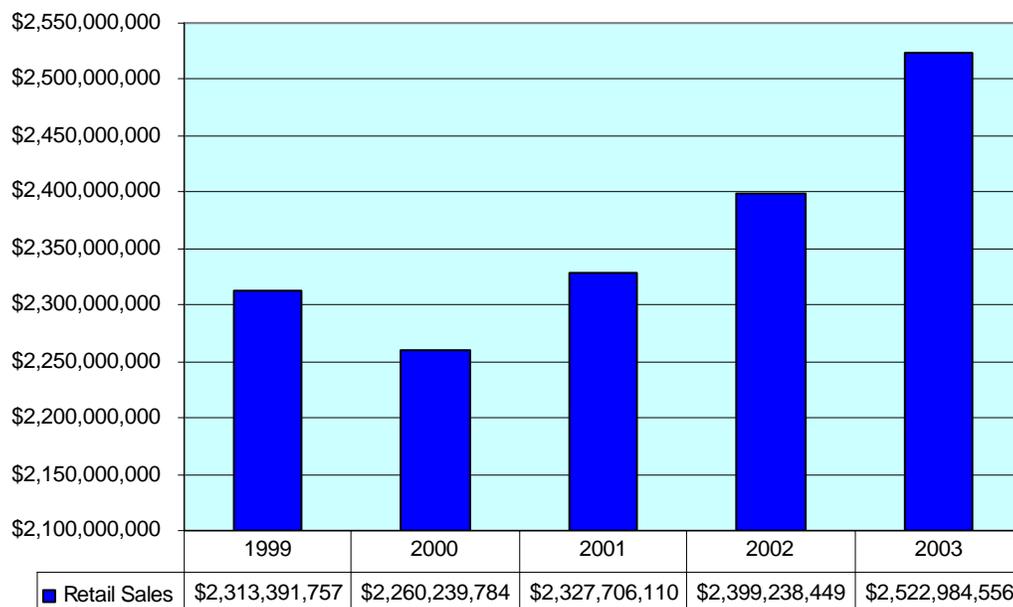
Financial position focuses on existing resources and claims on those resources that an entity may have. More broadly, economic condition refers to an analysis that examines not only existing resources and claims on those resources, but also future resources and claims on future resources. The former 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 25-39).

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, 2003 increased by 10.99% over fiscal year 2002. The two largest sources of revenue are sales and use tax revenue and property tax revenue. As illustrated 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 \$123,746,107 over the previous year for a total of \$2,522,984,556. This represented a 5.16% increase. Much of this can be contributed to the strength of existing businesses as well as an expansion of 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

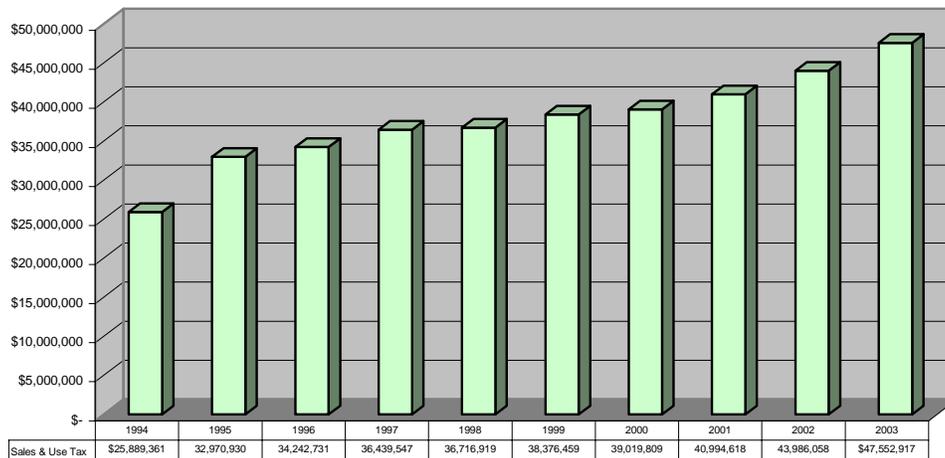
Because GASB 34 has created a change in financial reporting, numbers from previous years have been adjusted to compare the same sales and use tax revenue as a percentage of All Governmental Fund Types.

<u>Fiscal Year</u>	<u>Sales and Use Tax Revenue</u>	<u>Percent of Increase (Decrease) from Previous Year</u>	<u>Total All Governmental Fund Types</u>	<u>Percent of Total Revenue</u>
1994 *	\$ 25,889,361	24.90 %	\$ 41,684,704	62.11 %
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 %

* The City passed an additional 1% sales tax increase effective March, 1994.

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

SALES AND USE TAX REVENUE
FY 1994 TO FY 2003



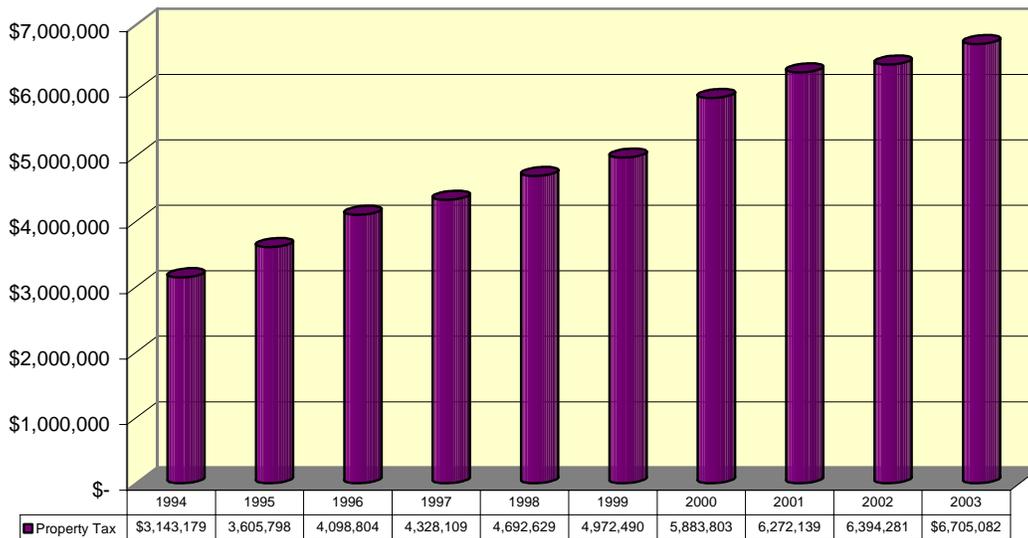
The second largest revenue source for the City is property tax, which comprises 8.17% of total revenues for governmental fund types. A 10 year summary of property tax is as follows:

<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>
1994	\$ 3,143,179	8.45 %	\$ 41,684,704	7.54 %
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 %

* 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 comparison purposes, this payment has been omitted in the above figures.

The City's property tax is 6 1/2 mills for general governmental use. Property tax revenue increased 4.86% over FY 2002.

**PROPERTY TAX REVENUE
FY 1994 TO FY 2003**



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.

MAJOR INITIATIVES

The following summarizes some of the accomplishments by various departments for the fiscal year ended 2003.

Police

The communications division of the police department installed a new 911 phone system to provide a stable platform for 911 services and to provide useful reporting software to help determine call volume and appropriate staffing levels. In addition, a stand-alone police radio antenna was installed to enhance radio coverage in the newly annexed Shannon area. The police department graduated two more classes of The Citizens Police Academy. The substation that had been located at Fire Station 7 in Inverness was relocated to an area adjacent to Spain Park High School. All in all, the police department continued to provide excellent public safety services for the citizens of Hoover with a focus toward becoming more technologically innovative.

Development

The development office applied for and received several grants during the fiscal year, including a Clean Cities grant and a Recreational Trail grant. The former grant was for \$80,000 to install a tank and fuel pump at the new Public Safety Center that will utilize ethanol. The latter grant amounted to \$47,755 for a Cahaba-Met Trail that will adjoin the Cahaba River and the Hoover Metropolitan Stadium. In addition, several sidewalk projects were undertaken and begun. The City began construction on the Park Avenue sidewalks, while an additional Lorna Road sidewalk phase was completed and a new one begun. As always, the development office continued to work with developers to construct new retail centers and locate new businesses, as well as locate new tenants for vacated commercial space. Finally, the development office facilitated the completion of transactions involving the development of Hoover's anticipated new Conference Center/Hotel/Golf Course.

Revenue

The revenue department is responsible for processing, documenting, and enforcing all revenue due to the City. During the year, the revenue department processed over 50,000 documents, which represented over \$73,000,000 in revenue. Several major goals were undertaken to enhance service to the City's taxpayers, including on-line business license processing, a mechanism for internet filing of taxes, and recapturing over \$320,000 of revenue due to the City via the new audit division.

Operations

The operations department works closely with internal departments and external entities in order to facilitate progress for the City on many projects and events. FY 2003 resulted in another successful Southeastern Conference (SEC) Baseball Tournament at the Hoover Metropolitan Stadium with record breaking attendance. The average per session attendance was 9,965 with the total attendance being 122,393. The department took over management of the RV Park to include reservations and receipt and collection of rentals. In terms of negotiations, the department effectively assisted the Mayor's office in negotiating the sale of a portion of the Public Safety Center building to the State of Alabama Forensic Sciences Department. In conjunction with that building, the department is responsible for the multi-million dollar renovation at the Public Safety Center which is scheduled for the completion of Phase I in fiscal year 2004.

Risk Management

Risk management continues to strive to provide innovative insurance programs to meet the needs of Hoover's citizens, leaders, and employees. The City's property and casualty exposure was written with a \$100,000 self insured retention and no aggregate. All property and casualty claims with a value of less than \$50,000 are now being adjusted and administered in-house with the exception of legal claims and suits. This coverage was negotiated at an 11.13% reduction over last year's premiums. The city's workers compensation exposure was renewed with an increased premium of about 12.9%. During the past eleven years of self-insurance, the City has experienced just one catastrophic loss in workers comp. Risk management remains committed to providing assistance to all city departments and to work in reducing the city's exposures and liabilities.

Fleet Management

Fleet management continued to provide reliable maintenance to all city vehicles and equipment. Most repairs are made in house, which results in monetary savings to the City. Currently, the department is anticipating the opening of its new fleet facility in fiscal year 2004. The facility will greatly increase capacity and address the need for space and storage. Included in this new facility is a state of the art fueling facility that will add an alternative fuel to the fleet. To start, E-85 Ethanol fuel will be used in approximately ten percent of the fleet. In the future, the department hopes to increase this percentage in order to help with air quality issues in the Hoover-Birmingham Metropolitan Statistical Area.

Public Works

The public works department includes the streets, sewers, and drainage division, the solid waste division, the building services division, and the park maintenance division. For fiscal year 2003, the department remodeled the 2nd and 3rd floor of City Hall, as well as the Hoover Lake House, which is used for various meetings/functions. By using city employees, costs were substantially mitigated. Accomplishments include paving over 20 lane miles of roads and installing new playground equipment at Riverchase Sports Park. In addition, the City held another successful Household Hazardous Waste Day with over 1,000 cars dropping off waste.

Engineering

The engineering department consists of engineering, sewer, tree conservation and landscaping. Many roadway, traffic signal, drainage, landscaping, and sewer projects were completed and begun by the engineering department in fiscal year 2003. The various drainage projects have alleviated some of the problems that neighborhoods have brought to the City's attention. Other specific accomplishments include improvements at Hugh Daniel Drive as well as various road signal timings that are important to the flow of traffic within the City. The department also focuses on tree conservation and landscaping. In particular, approximately six miles of walking trail were constructed in the Moss Rock Preserve. Overall, the department has a multitude of ongoing road, landscaping, and infrastructure projects to reduce traffic congestion and improve the scenic view throughout the City.

Building Inspections

For fiscal year 2003, there was a marked increase in the number of new single family homes that were permitted. Fiscal year 2003 had 702 new homes permitted, which increased from 508 in fiscal year 2002. The construction valuation for new homes permitted totaled \$173,894,189. The permit fees collected for new single family homes totaled \$1,043,965. In addition to issuing building permits, the inspection services department is also responsible for the collection of tap fees for Riverchase, Southlake, and Inverness sewer. The department also issues credits to businesses and residents that have sprinklers for their lawns.

Library

One of the library's greatest achievements was the 2003 Southern Voices Conference held in February 2003, which brought to Hoover nationally known authors, including Roger Rosenblatt and Haven Kimmel. In addition to its annual Output Measures study and the completion of the five-year planning process with library consultant Ruth O'Donnell, the library completed a reorganization project in August 2003. Using the ideas and comments from the community planning process, the library reorganized its staff, services and materials to better serve its patrons. The library's Circulation Department circulated 962,086 materials, an 11% increase over the previous year. Of these 962,086 materials, 6% was conducted through the self-checkout machine, which allows patrons to check out their own materials. All in all, there are many exciting things that occur at the library every year, as it continues to be a vibrant part of the City's service delivery to its citizens.

Parks & Recreation

Accomplishments for the parks & recreation department for fiscal year 2003 ranged from various program offerings to numerous awards. The department added 9 new specialty classes including conversational Spanish, yoga, and Spanish dance. In addition, some of the awards that the department received included Outstanding Facility Award for the renovation of its inside track and the Agency of the Year Award for the outstanding department in the state in the population category 15,000 and above. Also, the department added and replaced equipment for its parks and recreation center. Some of this new equipment included the purchase of AED units for each of the youth sports parks for life-saving capability, if needed.

Human Resources

In response to the passage of new federal privacy regulations, the Human Resources department developed procedures to protect health information of employees and applicants. The department also revised military leave procedures and implemented a Military Differential Pay Program in support of City personnel who were activated for the war on terrorism. The City of Hoover's reputation continues to attract an abundance of applicants, with the department processing over 1,500 applications during the fiscal year. All of these accomplishments build upon the mission of the department to provide exceptional services to the City's workforce and to the public.

Fire

In fiscal year 2003, the fire department had a total of 7,052 calls for fire, EMS (emergency medical service), and other emergency calls. In order to respond adequately to these calls, the department continued to maintain and update their equipment. Various grants were received to defray the costs on some of this equipment. Likewise, training and development for fire department employees was emphasized throughout the year in order to adequately prepare its staff. Also, the department plays an integral role in community involvement and public service through various programs that the department conducts and participates.

Departmental Focus – Support Services/MIS

In today's world, a City must have excellent technology in order to provide the most effective and efficient services to its departments and citizens. For this reason, Support Services is our departmental focus. The Support Services department includes several divisions: Administration, Information Technology, Networking, Telecommunications, Desktop Services, and Application Services/GIS. Many of the above accomplishments would not have been possible without the technology investment that the City of Hoover makes.

In addition to implementing a new E911 system that includes integrated telephone and computer services, the department provided telecommunications support for over 600 employees, 400 telephones and approximately 800 telephone numbers.

The department also provided PC hardware and software support for over 500 users and 250 PC's. With funds for the PC replacement project, 85 obsolete computers were replaced with current technology, including the latest operating system, advanced office collaboration software, and virus protection.

In order to track its work orders, a new Help Desk Software was integrated with the City's email system to provide a comprehensive record of IT Help Desk activities. Since the advent of this system, the department has had approximately 1,700 Help Desk calls for technology services and support.

In conjunction with the Revenue Department, Support Services launched the City's first electronic commerce application (E-Gov), which provides web-based access to businesses for Business License Renewal.

Another important aspect of the Support Services Department is its access to data and information that other entities may have or need. The City provided base maps, data, and training for Hoover Board of Education employees of the City's GIS (Geographic Information System). In addition, the

department continued to improve inter-agency GIS data acquisition and data sharing programs with Shelby County, Jefferson County, and other organizations.

In sum, for the City to continue to be able to meet the demands for service and information, a continued commitment to technology is important. The Support Services department is responsible for effectuating that commitment by constantly upgrading and updating its technology equipment and its users' technology equipment. This department is integral to ensuring effective and efficient communications of data and information.

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. Currently, the City plans to utilize an existing building that they purchased in fiscal year 2000 and remodel it for office space and the expansion of our city jail. This will alleviate some of the overcrowding that has begun to take place among many departments. In fiscal year 2003, the City borrowed approximately \$40 million, of which \$25 million is to fund this project. Completion is estimated for the summer of 2004.

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.

In addition to the Ross Bridge development, another large scale development is Patton Creek. This 500,000 square foot retail center features stores that are new to the area marketplace and stores that are new to the Highway 31/150 corridor. A multi-screen theater and freestanding restaurants will be opening along with many other shops in 2004.

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, 2002. This was the twenty-first 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,



Barbara B. McCollum
Mayor



Robert M. Yeager
Finance Director

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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, 2002

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

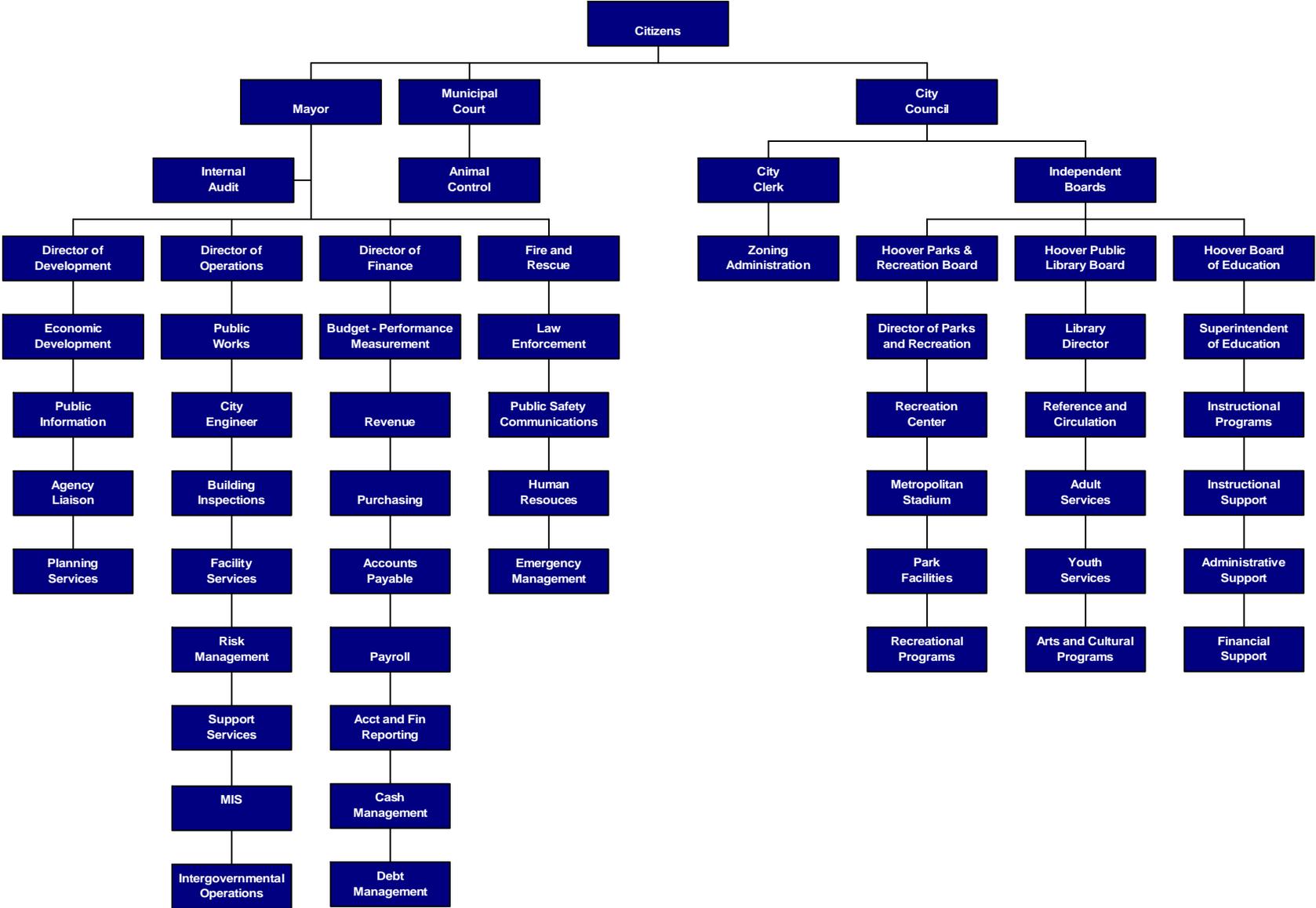


President

Executive Director

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**City of Hoover, Alabama
Organization Chart
Fiscal Year 2003**



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OFFICIALS FOR THE CITY OF HOOVER, ALABAMA

September 30, 2003

ELECTED OFFICIALS

Mayor Barbara B. McCollum

Council President Robert Austin

Council President Pro Tempore Jack Wright

Council Member Kyle Forstman

Council Member Jody Patterson

Council Member Donna Mazur

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FINANCIAL SECTION

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the City Council
The City of Hoover, Alabama

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hoover, Alabama, (the "City") as of and for the year ended September 30, 2003, 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, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General fund, thereon 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 April 5, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

The management's discussion and analysis on pages 25 through 39 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 and combining 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 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.

April 5, 2004

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, 2003. 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). Because this is the first year for implementation of GASB 34, comparative data is not available. However, a comparative analysis of data will be presented in future years, when the information is available.

FINANCIAL HIGHLIGHTS

- The assets of the City of Hoover exceeded its liabilities at the close of the fiscal year ending September 30, 2003, by \$298,701,275. Of this amount, \$42,821,354 is restricted for capital projects and \$22,699,546 may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$73,421,651. Approximately \$72,644,206 of this total amount is available for spending at the government's discretion (unreserved fund balance).

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 eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects

fund, and the GOW capital projects fund, which are considered to be major funds. Data from the remaining fifteen non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report (beginning on page 89).

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 general fund to demonstrate compliance with the general fund budget (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 51-71).

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 associated with such 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 79.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets

The City's total assets on its Statement of Net Assets totaled \$442,014,537, of which \$403,507,581 was from governmental activities and \$38,506,956 was from business-type activities. As shown in the summary below, noncurrent or capital assets comprise 82.30% of total assets, with current assets comprising 17.31%. Other assets and long-term receivables make up a small percentage of total assets, .21% and .18%, respectively.

Breakdown of Assets - Statement of Net Assets

	Current Assets	Noncurrent Assets (Capital Assets)	Other Assets	Long-term Receivables	Total Assets
Governmental Activities	\$ 78,321,974	\$ 323,694,069	\$ 714,093	\$ 777,445	\$ 403,507,581
Business-Type Activities	(1,811,114)	40,084,673	233,397	-	38,506,956
	<u>\$ 76,510,860</u>	<u>\$ 363,778,742</u>	<u>\$ 947,490</u>	<u>\$ 777,445</u>	<u>\$ 442,014,537</u>
Percentage Breakdown	17.31%	82.30%	0.21%	0.18%	100.00%

Liabilities

The City's total liabilities on its Statement of Net Assets totaled \$143,313,262, of which \$126,690,927 was from governmental activities and \$16,622,335 was from business-type activities. As shown in the summary below, long-term liabilities consisting of compensated absences, net bonds and warrants payable, and claims payable comprise 90.60% of total liabilities, with current liabilities comprising 9.40%.

Breakdown of Liabilities - Statement of Net Assets

	Current Liabilities				Long-Term Liabilities			Total Liabilities
	Accounts Payable and Accrued Liabilities	Interest Payable	Bonds and Warrants Payable	Compensated Absences	Compensated Absences	Bonds and Warrants Payable, Net	Claims Payable	Total Liabilities
Governmental Activities	\$ 5,677,768	\$ 672,638	\$ 4,095,000	\$ 2,200,130	\$ 2,985,101	\$ 110,023,367	\$ 1,036,923	\$ 126,690,927
Business-Type Activities	130,350	-	680,000	11,985	-	15,800,000	-	16,622,335
	<u>\$ 5,808,118</u>	<u>\$ 672,638</u>	<u>\$ 4,775,000</u>	<u>\$ 2,212,115</u>	<u>\$ 2,985,101</u>	<u>\$ 125,823,367</u>	<u>\$ 1,036,923</u>	<u>\$ 143,313,262</u>
	9.40%				90.60%			100.00%
Percentage Breakdown	4.05%	0.47%	3.33%	1.54%	2.08%	87.80%	0.72%	100.00%

Net Assets

The City's entity-wide net assets totaled \$298,701,275. Governmental activities comprised \$276,816,654, or 92.67% of this, while business-type activities made up \$21,884,621, or 7.33%.

The largest portion of the City's assets is restricted. In particular, \$42,821,354, or 14.34% of net assets is restricted for capital projects and \$233,180,375, or 78.06% is invested in capital assets such as buildings, roads, and bridges, less any related debt used to acquire those assets that is still outstanding. At the same time, the City has \$22,699,546 or 7.6% of assets available in unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors. The following schedule summarizes the net assets for the primary government by actual asset figures, percentage by category type, and percentage by activity type.

Summary of Net Assets - Primary Government - Actual

	Governmental Activities	Business-Type Activities	Total
Invested in capital assets, net of related debt	\$ 209,575,702	\$ 23,604,673	\$ 233,180,375
Restricted for capital projects	42,821,354	-	42,821,354
Unrestricted	<u>24,419,598</u>	<u>(1,720,052)</u>	<u>22,699,546</u>
Total net assets	<u><u>\$ 276,816,654</u></u>	<u><u>\$ 21,884,621</u></u>	<u><u>\$ 298,701,275</u></u>

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

	Governmental Activities	Business-Type Activities	Total
Invested in capital assets, net of related debt	75.71%	107.86%	78.06%
Restricted for capital projects	15.47%	0.00%	14.34%
Unrestricted	<u>8.82%</u>	<u>-7.86%</u>	<u>7.60%</u>
Total net assets	100.00%	100.00%	<u><u>100.00%</u></u>

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

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

As mentioned above, the largest portion of the City's net assets (78.06%) 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.

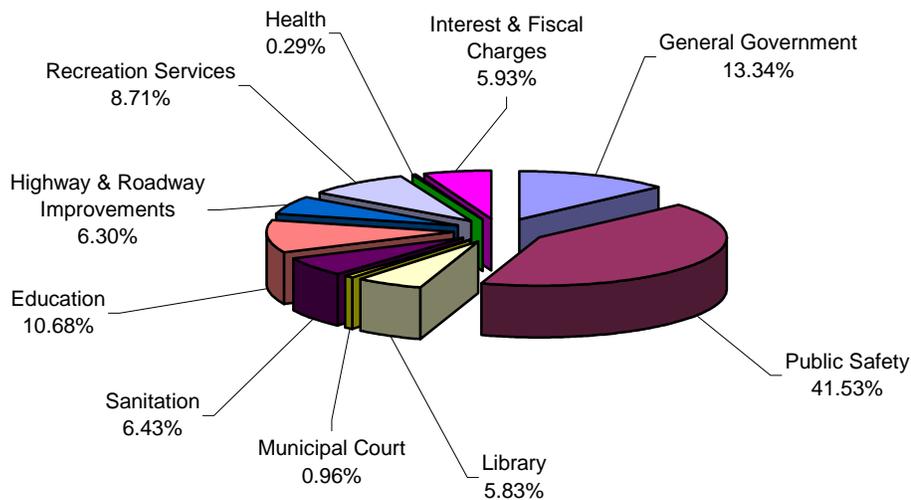
Statement of Activities

The Statement of Activities includes governmental activities and business-type activities. Because this is the first year of implementation for GASB 34, comparative data is not available. For the fiscal year ending 2003, governmental activities increased the City's overall net assets by \$10,598,674.

Expenses

Public safety activities, which include Dispatch, Police, Fire, and Inspections, accounted for 41.53% of the total expenses on the Statement of Activities. After general government expenses that represented 13.34% of expenses, transfers to the school board equated to 10.68%, followed by recreation services, which consists of park maintenance and the parks and recreation department, which comprised 8.71% of total expenses. The chart below illustrates the entire expense breakdown by function and corresponding percentage.

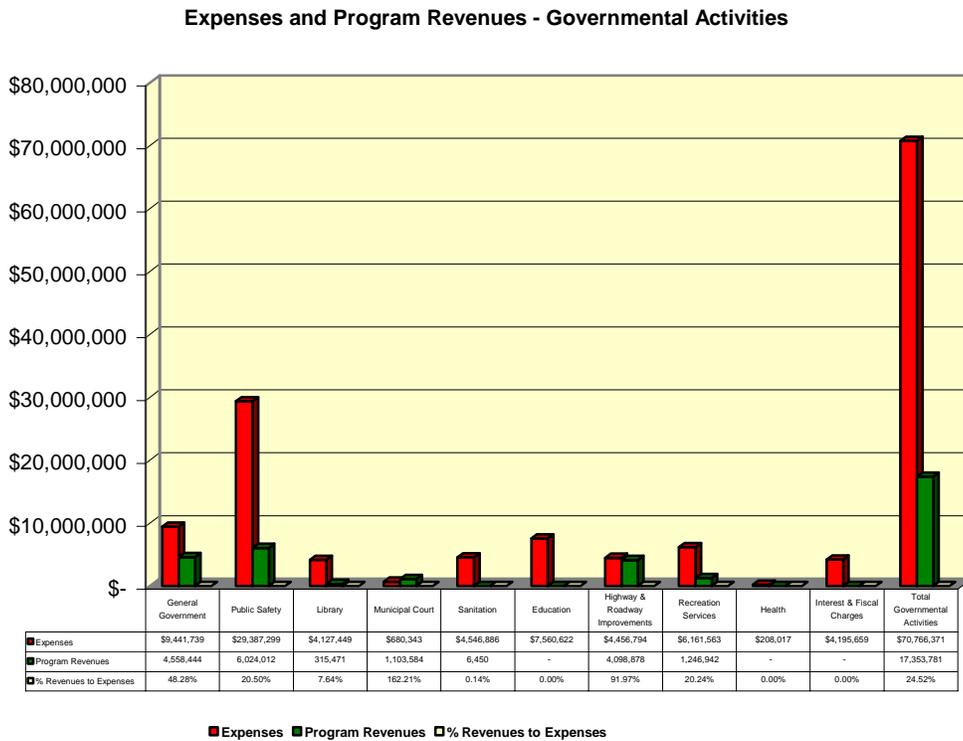
Functions as a Percentage of Total Expenses - Governmental Activities



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 \$6,024,012. The majority of this program revenue comes from inspections, which comprises \$3,805,041 of the total public safety program revenue and comes from various charges for service, in particular permit fees.

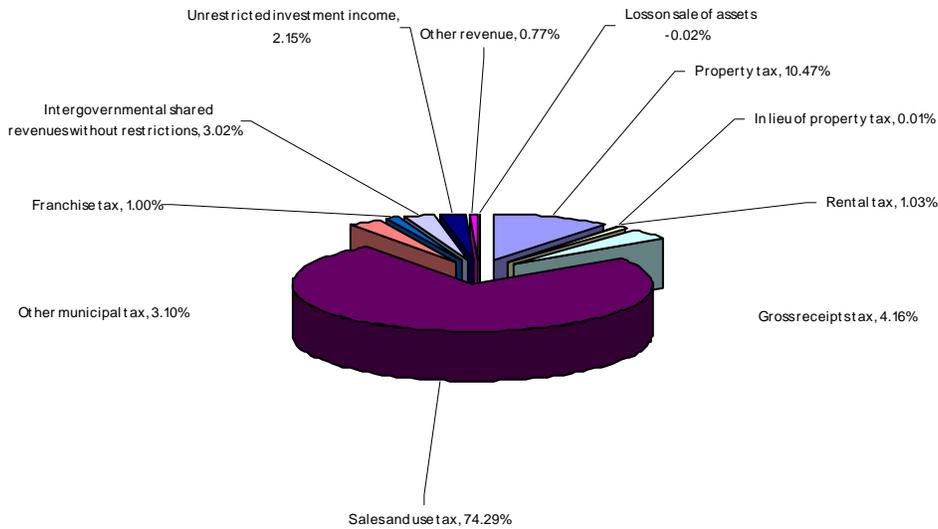


In addition, Municipal Court is the only program that takes in more revenue than it has expenses. For fiscal year 2003, Municipal Court had expenses totaling \$680,343 and program revenues totaling \$1,103,584, which represented 162.21% of revenues to expenses. However, it is important to note that \$863,485 of the revenue, fines and bond forfeitures, goes into the General Fund. The balance, \$240,099, is placed in three special revenue funds as required by state law: 1) Court Correction Fund, 2) Court Training Fund, and 3) Traffic Safety Fund.

General Revenues

As a whole, primary government programs offset 24.52% of their expenses (\$70,766,371) from program revenue (\$17,353,781). The balance of these programs is funded through general revenues that totaled \$64,011,264. Sales and use tax encompass the overwhelming percentage of general revenues, making up \$47,552,917 of them, which is 74.29%. The second largest category that contributes to general revenues is property tax, which comprises \$6,705,083, or 10.47%. The pie chart below depicts the percentage breakdown for all general revenues in the Statement of Activities.

General Revenues - Governmental Activities



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 \$10,598,674 for the primary government. As a result, the net assets at the end of the year totaled \$276,816,654 for governmental activities. Thus, this increase in net assets demonstrates the strong economic condition of the City and its overall improvement for the fiscal year.

Business-Type Activities

Business-type activities, which consist of the sewer enterprise fund, decreased the City's overall net assets by \$409,517. Although operating income for the sewer fund was \$294,084, interest and fiscal charges, or non-operating expenses, totaled \$703,601, which resulted in the decrease in net assets by \$409,517.

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.

	Governmental Funds				
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>GOW Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Total revenues	74,315,819	3,542,143	459,491	3,754,740	82,072,193
Total expenditures	65,178,449	6,103,498	12,946,354	4,504,454	88,732,755
Total other financing sources (uses)	<u>(6,212,202)</u>	<u>5,030,211</u>	<u>41,847,870</u>	<u>1,181,991</u>	<u>41,847,870</u>
Excess of revenue and other financing sources over expenditures and other financing uses	2,925,168	2,468,856	29,361,007	432,277	35,187,308
Fund balances, beginning of year	<u>24,667,702</u>	<u>10,982,782</u>	<u>-</u>	<u>2,583,859</u>	<u>38,234,343</u>
Fund balances, end of year	<u>\$ 27,592,870</u>	<u>\$ 13,451,638</u>	<u>\$ 29,361,007</u>	<u>\$ 3,016,136</u>	<u>\$ 73,421,651</u>
Percent of fund balance to expenditures	42.33%	220.39%	226.79%	66.96%	82.74%

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, 2003, the City of Hoover's governmental funds reported combined ending fund balances of \$73,421,651. Approximately \$72,644,206, or 98.94% 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 in the amount of \$777,445.

General Fund

The general fund is the chief operating fund of the City of Hoover. As of September 30, 2003, the total fund balance of the general fund was \$27,592,870 of which \$26,815,425 was unreserved. The balance constitutes the non-current receivable for \$777,445 mentioned above.

This unreserved fund balance represents approximately 41.14% of total general fund expenditures while total fund balance represents approximately 42.33% of that same amount.

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, 2003, the total fund balance for the capital projects fund was \$13,451,638. 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 \$42,626,655. The total fund balance for the GOW capital projects fund at year end was \$29,361,007. Together, these two funds have a combined 2003 fiscal year end fund balance of \$42,812,645. 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/or grants that the City receives all are 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 part 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, revenues increased by only \$459,409, or .61% of the original budget. Similarly, total expenditures increased by \$631,044, or .93%. As shown in the graph, other revenue had the biggest change in budget. The City received an unexpected refund from our insurance carrier, Blue Cross/Blue Shield of Alabama, in the amount of \$286,664 for a refund of prior year expenditures. Also, debt service was changed from the original budget to the amended budget because of the refunding of debt and the issuance of new debt that was done. This changed the structure of the City's debt service somewhat.

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	\$ 61,096,000	\$ 61,096,000	-	0.00%
Licenses and permits	6,855,200	6,855,200	-	0.00%
Intergovernmental	1,838,700	1,906,845	68,145	3.71%
Fines and forfeits	1,280,000	1,300,000	20,000	1.56%
Investment income	1,654,000	1,650,500	(3,500)	-0.21%
Rents and royalties	319,150	319,150	-	0.00%
Contributions and reimbursements	439,464	439,464	-	0.00%
Charges for services	1,326,700	1,334,200	7,500	0.57%
Other	48,100	415,364	367,264	763.54%
Total revenues	74,857,314	75,316,723	459,409	0.61%
Expenditures				
Current operations				
General government	8,663,536	8,571,002	(92,534)	-1.07%
Public safety	26,372,749	26,704,269	331,520	1.26%
Library	3,705,742	4,098,242	392,500	10.59%
Municipal court	24,801	24,801	-	0.00%
Sanitation	4,860,277	4,860,277	-	0.00%
Education	7,772,120	7,772,120	-	0.00%
Highway and roadway improvements	3,000,738	2,988,085	(12,653)	-0.42%
Recreation services	4,842,119	4,850,896	8,777	0.18%
Health	445,604	300,176	(145,428)	-32.64%
Total	59,687,686	60,169,868	482,182	0.81%
Capital outlays	1,047,270	1,298,447	251,177	23.98%
Debt service				
Principal	3,525,000	3,272,732	(252,268)	-7.16%
Interest and fiscal charges	3,922,025	4,071,978	149,953	3.82%
Total expenditures	68,181,981	68,813,025	631,044	0.93%

In terms of budget to actual, the graph below shows the percentage difference by function for each category. Revenues came in about \$1,000,904 less than projected. Two main reasons existed for this. First, court fines did not meet expectations by \$319,236. Second, investment income did not meet projections by \$827,043 due largely to the lower return on investments. Both of these items have been adjusted accordingly for the fiscal year 2004 budget.

General Fund Budget to Actual

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)	% Difference Between Amended Budget and Actual Expenditure
Revenues					
Taxes	\$ 61,096,000	\$ 61,096,000	\$ 60,214,892	\$ (881,108)	-1.44%
Licenses and permits	6,855,200	6,855,200	7,774,194	918,994	13.41%
Intergovernmental	1,838,700	1,906,845	1,855,704	(51,141)	-2.68%
Fines and forfeits	1,280,000	1,300,000	980,764	(319,236)	-24.56%
Investment income	1,654,000	1,650,500	823,457	(827,043)	-50.11%
Rents and royalties	319,150	319,150	358,432	39,282	12.31%
Contributions and reimbursements	439,464	439,464	485,834	46,370	10.55%
Charges for services	1,326,700	1,334,200	1,317,149	(17,051)	-1.28%
Other	48,100	415,364	505,393	90,029	21.67%
Total revenues	74,857,314	75,316,723	74,315,819	(1,000,904)	-1.33%
Expenditures					
Current operations					
General government	8,663,536	8,571,002	7,349,786	1,221,216	14.25%
Public safety	26,372,749	26,704,269	26,007,853	696,416	2.61%
Library	3,705,742	4,098,242	3,874,224	224,018	5.47%
Municipal court	24,801	24,801	21,362	3,439	13.87%
Sanitation	4,860,277	4,860,277	4,546,886	313,391	6.45%
Education	7,772,120	7,772,120	7,560,622	211,498	2.72%
Highway and roadway improvements	3,000,738	2,988,085	2,740,263	247,822	8.29%
Recreation services	4,842,119	4,850,896	4,470,500	380,396	7.84%
Health	445,604	300,176	197,634	102,542	34.16%
Total	59,687,686	60,169,868	56,769,130	3,400,738	5.65%
Capital outlays	1,047,270	1,298,447	1,070,938	227,509	17.52%
Debt service					
Principal	3,525,000	3,272,732	3,272,732	-	0.00%
Interest and fiscal charges	3,922,025	4,071,978	4,065,649	6,329	0.16%
Total expenditures	\$ 68,181,981	\$ 68,813,025	\$ 65,178,449	\$ 3,634,576	5.28%

In terms of expenditures, every category came in under budget. The above percentages indicate how much under budget actual expenditures were to the amended budget by category. Overall, expenditures were under budget by \$3,634,576, or 5.28%. This resulted in a net positive variance between revenues and expenditures of \$2,633,672.

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, 2003, amounts to \$363,778,741 (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.

During fiscal year 2003, the City had \$17,299,748 in additions for governmental activities before accumulated depreciation. Some of these additions included a number of new police cars and other fleet vehicles (\$503,523), a fire pumper (\$298,480), various technology equipment (\$322,780), park expenditures (\$80,202), and other additions including sidewalk projects and other infrastructure.

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. The roads will be addressed in the fiscal year 2004 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. Please refer to the Other Required Supplementary Information section, which begins on page 73, for more detail on this approach.

Business-type activities added one vehicle to its assets. The balance of change was accumulated depreciation. In addition, the City made adjustments to net assets related to sewer lines, manhole additions, and pump stations that were constructed by developers and then deeded over to the City that had never been included in its assets before. The net effect (after accumulated depreciation) of this correction increased beginning net assets by \$16,360,880.

Debt Administration

As of the fiscal year end, the City of Hoover had \$115,375,000 of governmental debt and \$16,480,000 of business-type debt outstanding. To take advantage of favorable interest rates, the City issued general obligation warrants to refinance previously outstanding 1993 warrants. In addition, the City borrowed additional funds that make up the GOW capital projects fund, a major fund. Thus, on January 1, 2003, the City issued a total of \$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.

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 \$210,508,019, which is significantly in excess of the City of Hoover's outstanding general obligation debt by \$95,133,019. 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 65 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 2003 was 1.8%, 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 2003 was a great year for the City's finances. Much was accomplished and much was just begun. Similar expectations are felt for 2004. This new reporting format will help in future years to measure year by year just how well the City is doing compared to previous years.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

THE CITY OF HOOVER, ALABAMA
Statement of Net Assets
September 30, 2003

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Pooled cash and investments	\$ 68,258,290	\$ -	\$ 68,258,290
Receivables			
Taxes	4,324,802	-	4,324,802
Accounts	2,557,723	370,963	2,928,686
Due from other governments	892,077	-	892,077
Internal balances	2,182,077	(2,182,077)	-
Inventories	52,477	-	52,477
Prepaid items	54,528	-	54,528
Noncurrent assets			
Capital assets			
Depreciable			
Building and capital facilities	59,168,333	54,022,027	113,190,360
Furniture, equipment, and vehicles	19,987,454	590,512	20,577,966
Infrastructure	6,039,570	-	6,039,570
Accumulated depreciation	(24,549,168)	(16,192,666)	(40,741,834)
Non-depreciable			
Land	26,675,990	1,664,800	28,340,790
Streets and bridges	220,428,425	-	220,428,425
Construction in progress	15,943,465	-	15,943,465
Total capital assets, net of depreciation	323,694,069	40,084,673	363,778,742
Other assets	714,093	233,397	947,490
Long-term receivables	777,445	-	777,445
Total assets	<u>\$ 403,507,581</u>	<u>\$ 38,506,956</u>	<u>\$ 442,014,537</u>
Liabilities			
Current liabilities payable from current assets			
Accounts payable and accrued liabilities	\$ 5,677,768	\$ 130,350	\$ 5,808,118
Interest payable	672,638	-	672,638
Current maturities of long-term liabilities:			
Bonds and warrants payable	4,095,000	680,000	4,775,000
Compensated absences	2,200,130	11,985	2,212,115
Long-term liabilities			
Compensated absences	2,985,101	-	2,985,101
Bonds and warrants payable, net	110,023,367	15,800,000	125,823,367
Claims payable	1,036,923	-	1,036,923
Total liabilities	<u>126,690,927</u>	<u>16,622,335</u>	<u>143,313,262</u>
Net Assets			
Invested in capital assets, net of related debt	209,575,702	23,604,673	233,180,375
Restricted for capital projects	42,821,354	-	42,821,354
Unrestricted	24,419,598	(1,720,052)	22,699,546
Total net assets	<u>\$ 276,816,654</u>	<u>\$ 21,884,621</u>	<u>\$ 298,701,275</u>

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

THE CITY OF HOOVER, ALABAMA
Statement of Activities
For the year ended September 30, 2003

Functions	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government							
Governmental activities							
General government	\$ 9,441,739	\$ 4,092,060	\$ 408,576	\$ 57,808	\$ (4,883,295)	\$ -	\$ (4,883,295)
Public safety	29,387,299	5,057,430	583,008	383,574	(23,363,287)	-	(23,363,287)
Library	4,127,449	219,955	95,516	-	(3,811,978)	-	(3,811,978)
Municipal court	680,343	1,103,584	-	-	423,241	-	423,241
Sanitation	4,546,886	6,450	-	-	(4,540,436)	-	(4,540,436)
Education	7,560,622	-	-	-	(7,560,622)	-	(7,560,622)
Highway and roadway improvements	4,456,794	1,863	1,179,907	2,917,108	(357,916)	-	(357,916)
Recreation services	6,161,563	1,231,054	15,888	-	(4,914,621)	-	(4,914,621)
Health	208,017	-	-	-	(208,017)	-	(208,017)
Interest and fiscal charges	4,195,659	-	-	-	(4,195,659)	-	(4,195,659)
Total governmental activities	<u>70,766,371</u>	<u>11,712,396</u>	<u>2,282,895</u>	<u>3,358,490</u>	<u>(53,412,590)</u>	<u>-</u>	<u>(53,412,590)</u>
Business-type activities							
Sewer services	3,654,400	3,244,883	-	-	-	(409,517)	(409,517)
Total business-type activities	<u>3,654,400</u>	<u>3,244,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(409,517)</u>	<u>(409,517)</u>
Total primary government	<u>\$ 74,420,771</u>	<u>\$ 14,957,279</u>	<u>\$ 2,282,895</u>	<u>\$ 3,358,490</u>	<u>(53,412,590)</u>	<u>(409,517)</u>	<u>(53,822,107)</u>
General revenues							
Property tax					6,705,083	-	6,705,083
In lieu of property tax					8,847	-	8,847
Rental tax					659,009	-	659,009
Gross receipts tax					2,663,109	-	2,663,109
Sales and use tax					47,552,917	-	47,552,917
Other municipal tax					1,987,511	-	1,987,511
Franchise tax					638,415	-	638,415
Intergovernmental shared revenues without restrictions					1,935,834	-	1,935,834
Unrestricted investment income					1,378,214	-	1,378,214
Other revenue					492,661	-	492,661
Loss on sale of assets					(10,336)	-	(10,336)
Total general revenues					<u>64,011,264</u>	<u>-</u>	<u>64,011,264</u>
Change in net assets					10,598,674	(409,517)	10,189,157
Net assets at beginning of year - before restatement					266,217,980	5,933,258	272,151,238
Prior period adjustment - Note 10					-	16,360,880	16,360,880
Net assets after restatement					<u>266,217,980</u>	<u>22,294,138</u>	<u>288,512,118</u>
Net assets at end of year					<u>\$ 276,816,654</u>	<u>\$ 21,884,621</u>	<u>\$ 298,701,275</u>

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

THE CITY OF HOOVER, ALABAMA
Balance Sheet
Governmental Funds
September 30, 2003

	General Fund	Capital Projects Fund	GOW Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 22,294,188	\$ 13,288,462	\$ 29,727,678	\$ 2,947,962	\$ 68,258,290
Receivables					
Taxes	4,324,802	-	-	-	4,324,802
Accounts	819,660	1,074,393	-	663,670	2,557,723
Due from other governments	778,808	-	-	113,269	892,077
Internal balances	2,550,240	-	-	-	2,550,240
Inventories	52,477	-	-	-	52,477
Prepaid items	54,528	-	-	-	54,528
Non-current receivable	777,445	-	-	-	777,445
	<u>\$ 31,652,148</u>	<u>\$ 14,362,855</u>	<u>\$ 29,727,678</u>	<u>\$ 3,724,901</u>	<u>\$ 79,467,582</u>
Total assets	<u>\$ 31,652,148</u>	<u>\$ 14,362,855</u>	<u>\$ 29,727,678</u>	<u>\$ 3,724,901</u>	<u>\$ 79,467,582</u>
Liabilities and fund balances					
Liabilities					
Accounts payable and accrued liabilities	\$ 4,057,627	\$ 911,217	\$ 366,671	\$ 340,602	\$ 5,676,117
Internal balances	-	-	-	368,163	368,163
Refundable deposits	1,651	-	-	-	1,651
	<u>4,059,278</u>	<u>911,217</u>	<u>366,671</u>	<u>708,765</u>	<u>6,045,931</u>
Total liabilities	<u>4,059,278</u>	<u>911,217</u>	<u>366,671</u>	<u>708,765</u>	<u>6,045,931</u>
Fund balances					
Reserved for non-current receivable	777,445	-	-	-	777,445
Unreserved					
General fund	26,815,425	-	-	-	26,815,425
Capital projects funds	-	13,451,638	29,361,007	8,709	42,821,354
Special revenue funds	-	-	-	3,007,427	3,007,427
	<u>27,592,870</u>	<u>13,451,638</u>	<u>29,361,007</u>	<u>3,016,136</u>	<u>73,421,651</u>
Total fund balances	<u>27,592,870</u>	<u>13,451,638</u>	<u>29,361,007</u>	<u>3,016,136</u>	<u>73,421,651</u>
Total liabilities and fund balances	<u>\$ 31,652,148</u>	<u>\$ 14,362,855</u>	<u>\$ 29,727,678</u>	<u>\$ 3,724,901</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.					323,694,069
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.					<u>(120,299,066)</u>
Net assets of governmental activities					<u>\$ 276,816,654</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, 2003

	General Fund	Capital Projects Fund	GOW Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 60,214,892	\$ -	\$ -	\$ -	\$ 60,214,892
Licenses and permits	7,774,194	-	-	-	7,774,194
Intergovernmental	1,855,704	1,610,466	-	2,486,197	5,952,367
Fines and forfeits	980,764	-	-	297,218	1,277,982
Investment income	823,457	95,330	459,491	1,248	1,379,526
Rents and royalties	358,432	-	-	-	358,432
Contributions and reimbursements	485,834	951,990	-	1,228	1,439,052
Other	505,393	884,357	-	-	1,389,750
Charges for services	1,317,149	-	-	968,849	2,285,998
Total revenues	<u>74,315,819</u>	<u>3,542,143</u>	<u>459,491</u>	<u>3,754,740</u>	<u>82,072,193</u>
Expenditures					
Current operations					
General government	7,349,786	647,910	-	33,452	8,031,148
Public safety	26,007,853	1,121	-	1,932,685	27,941,659
Library	3,874,224	-	-	-	3,874,224
Municipal court	21,362	-	-	650,272	671,634
Sanitation	4,546,886	-	-	-	4,546,886
Education	7,560,622	-	-	-	7,560,622
Highway and roadway improvements	2,740,263	208,737	-	634,649	3,583,649
Recreation services	4,470,500	720,449	-	-	5,190,949
Health	197,634	-	-	-	197,634
Total	<u>56,769,130</u>	<u>1,578,217</u>	<u>-</u>	<u>3,251,058</u>	<u>61,598,405</u>
Capital outlays	1,070,938	4,525,281	11,103,722	1,253,396	17,953,337
Debt service					
Principal	3,272,732	-	1,082,268	-	4,355,000
Interest and fiscal charges	4,065,649	-	760,364	-	4,826,013
Total expenditures	<u>65,178,449</u>	<u>6,103,498</u>	<u>12,946,354</u>	<u>4,504,454</u>	<u>88,732,755</u>
Excess (deficiency) of revenues over (under) expenditures	9,137,370	(2,561,355)	(12,486,863)	(749,714)	(6,660,562)
Other financing sources (uses)					
Interfund transfers	(6,212,202)	5,030,211	-	1,181,991	-
Capital portion of refunding bonds issued	-	-	41,957,326	-	41,957,326
Refunding bonds issued	36,578,934	-	3,988,740	-	40,567,674
Payment to refund bond escrow agent	(36,578,934)	-	(3,988,740)	-	(40,567,674)
Discount on refunding bonds issued	-	-	(109,456)	-	(109,456)
Total other financing sources (uses)	<u>(6,212,202)</u>	<u>5,030,211</u>	<u>41,847,870</u>	<u>1,181,991</u>	<u>41,847,870</u>
Excess of revenue and other financing sources over expenditures and other financing uses	2,925,168	2,468,856	29,361,007	432,277	35,187,308
Fund balances, beginning of year	<u>24,667,702</u>	<u>10,982,782</u>	<u>-</u>	<u>2,583,859</u>	<u>38,234,343</u>
Fund balances, end of year	<u>\$ 27,592,870</u>	<u>\$ 13,451,638</u>	<u>\$ 29,361,007</u>	<u>\$ 3,016,136</u>	<u>\$ 73,421,651</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, 2003

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 35,187,308

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.

Principal payments	4,355,000
Proceeds from refunding bonds	(82,525,000)
Payment to refund bond escrow	40,567,674
Amortization	(110,903)
Bond issue cost	764,499
Bond discount	109,456

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	17,112,241
Donated land	187,526
Depreciation	(3,327,888)

Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

The net effect of various transactions involving capital assets is to decrease net assets. (894,694)

In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due. (23,242)

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	(366,173)
Accrued compensated leave	(437,130)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 10,598,674

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, 2003

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 61,096,000	\$ 61,096,000	\$ 60,214,892	\$ (881,108)
Licenses and permits	6,855,200	6,855,200	7,774,194	918,994
Intergovernmental	1,838,700	1,906,845	1,855,704	(51,141)
Fines and forfeits	1,280,000	1,300,000	980,764	(319,236)
Investment income	1,654,000	1,650,500	823,457	(827,043)
Rents and royalties	319,150	319,150	358,432	39,282
Contributions and reimbursements	439,464	439,464	485,834	46,370
Charges for services	1,326,700	1,334,200	1,317,149	(17,051)
Other	48,100	415,364	505,393	90,029
Total revenues	<u>74,857,314</u>	<u>75,316,723</u>	<u>74,315,819</u>	<u>(1,000,904)</u>
Expenditures				
Current operations				
General government	8,663,536	8,571,002	7,349,786	1,221,216
Public safety	26,372,749	26,704,269	26,007,853	696,416
Library	3,705,742	4,098,242	3,874,224	224,018
Municipal court	24,801	24,801	21,362	3,439
Sanitation	4,860,277	4,860,277	4,546,886	313,391
Education	7,772,120	7,772,120	7,560,622	211,498
Highway and roadway improvements	3,000,738	2,988,085	2,740,263	247,822
Recreation services	4,842,119	4,850,896	4,470,500	380,396
Health	445,604	300,176	197,634	102,542
Total	<u>59,687,686</u>	<u>60,169,868</u>	<u>56,769,130</u>	<u>3,400,738</u>
Capital outlays	1,047,270	1,298,447	1,070,938	227,509
Debt service				
Principal	3,525,000	3,272,732	3,272,732	-
Interest and fiscal charges	3,922,025	4,071,978	4,065,649	6,329
Total expenditures	<u>68,181,981</u>	<u>68,813,025</u>	<u>65,178,449</u>	<u>3,634,576</u>
Excess (deficiency) of revenues over (under) expenditures	6,675,333	6,503,698	9,137,370	2,633,672
Other financing sources (uses)				
Interfund transfers	(6,121,155)	(6,208,217)	(6,212,202)	(3,985)
Proceeds from refunding bonds	-	-	36,578,934	36,578,934
Payment to refund bond escrow agent	-	-	(36,578,934)	(36,578,934)
Warrant issue discount	-	-	-	-
Total other financing sources (uses)	<u>(6,121,155)</u>	<u>(6,208,217)</u>	<u>(6,212,202)</u>	<u>(3,985)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 554,178</u>	<u>\$ 295,481</u>	<u>\$ 2,925,168</u>	<u>\$ 2,629,687</u>
Fund balances, beginning of year			<u>24,667,702</u>	
Fund balances, end of year			<u>\$ 27,592,870</u>	

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

THE CITY OF HOOVER, ALABAMA
Statement of Net Assets
Proprietary Fund - Sewer
September 30, 2003

Assets

Current assets	
Pooled cash and investments	\$ -
Accounts receivable	370,963
	<hr/>
Total current assets	370,963
Noncurrent assets	
Capital assets	
Land	1,664,800
Waste water treatment plants	54,022,027
Equipment and vehicles	590,512
Less accumulated depreciation	(16,192,666)
	<hr/>
Total capital assets, net	40,084,673
Other assets	233,397
	<hr/>
Total assets	<u>\$ 40,689,033</u>

Liabilities

Current liabilities	
General obligation warrants payable	\$ 680,000
Accounts payable	52,794
Accrued expenses	77,556
Compensated absences	11,985
Interfund balances	2,182,077
	<hr/>
Total current liabilities	3,004,412
Long-term liabilities	
General obligation warrants payable	15,800,000
	<hr/>
Total liabilities	18,804,412

Net assets

Investment in capital assets, net of related debt	23,604,673
Unrestricted	(1,720,052)
	<hr/>
Total net assets	<u>\$ 21,884,621</u>

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

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund - Sewer
For the year ended September 30, 2003

Operating revenues	
Charges for services	\$ 3,244,883
	<u>3,244,883</u>
Total operating revenue	3,244,883
Operating expenses	
Collection fees	76,927
Depreciation	1,573,892
Management fees	512,871
Personal services	79,192
Repairs and maintenance	264,727
Supplies	128,296
Telephone	16,381
Utilities	298,513
Total operating expenses	<u>2,950,799</u>
Operating income (loss)	294,084
Non-operating revenues (expenses)	
Interest and fiscal charges	(703,601)
Total non-operating revenues (expenses)	<u>(703,601)</u>
Change in net assets	(409,517)
Net assets, beginning of year - before restatement	5,933,258
Prior period adjustment - Note 10	16,360,880
Net assets after restatement	<u>22,294,138</u>
Net assets, end of year	<u>\$ 21,884,621</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, 2003

Cash flows from operating activities

Cash received from customers	\$ 3,095,490
Cash payments to supplies	(1,225,413)
Cash payments to management companies	(512,871)
Cash payments to employees	(79,377)
Net cash provided by operating activities	1,277,829

Cash flows from capital and related financing activities

Acquisition and construction of capital assets	(12,473)
Payments of warrants	(655,000)
Cash paid for interest on debt	(620,016)
Loans from other funds	9,660
Net cash used by capital and related financing activities	(1,277,829)

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	\$ 294,084
Adjustments to reconcile operating loss to net cash provided (used) by operating activities	
Depreciation and amortization	1,573,892
Change in assets and liabilities	
Increase in accounts receivable	(149,393)
Decrease in accounts payable and accrued expenses	(440,754)
Net cash provided by operating activities	\$ 1,277,829

Non-cash investing capital and financing activities

Warrant issuance costs of \$149,927 that were deducted from warrant proceeds during 2000 were capitalized and are being amortized over the debt repayment period.

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, 2003

(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.

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.

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 actually has no component units.

The school board had been included as a discretely presented component unit in the past, but due to clarification by GASB No. 39, it no longer meets the criteria to be a component unit. In particular, the school board fails to meet criteria number 2 within Statement No. 39, which states: "the primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization." Although the City Council appoints the school board, it neither imposes its will, nor is there a potential for financial benefit or burden. Each fiscal year, the City appropriates funds to be transferred to the School Board in order to support its schools. Currently, the City contributes sixteen percent of its sales tax revenue to the school system, which is less than ten percent of the School Board's overall operating budget. The City realizes that a great school system increases the greatness of the City overall. However, this support is purely on a volunteer basis based on a resolution that may be rescinded at any time. Furthermore, in the event of a bankruptcy by the school board, the State of Alabama would step in as owner of the school system. Accordingly, the City has determined that the School Board no longer meets the criteria of GASB's definition of component units, and thus has been eliminated as a component unit of the City of Hoover.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2003

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

B. Financial Reporting Entity (Continued)

The Library Board and Parks and Recreation Boards both have been included as discretely presented component units in the past. However, upon review the City has determined that they both operate as any other department does within the City, except that they have their own boards governing them. While the Parks and Recreation Board is incorporated, the Library Board is not. At the same time, the City controls all willful functions such as budgeting, approval of new positions, and payment of bills for both of these entities. In addition, in fiscal 2002, the City moved the Park Maintenance function from the Parks and Recreation Department to the Public Works Department in the General Fund. After a review of GASB No. 14, which provides guidance on determining the financial reporting entity, and GASB No. 39, the City considers both of these entities as departments in the General Fund and thus no longer component units. This results in a restatement of the beginning fund balances for the general fund as follows

	<u>General Fund</u>	<u>Governmental Funds</u>
Beginning of year	\$24,477,452	\$38,044,093
Adjustment – Park and Recreation	227,193	227,193
Adjustment – Library	<u>(36,943)</u>	<u>(36,943)</u>
Beginning of year Restated	<u>\$24,667,702</u>	<u>\$38,234,343</u>

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, 2003

(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.

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, 2003

(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, 2003

(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.

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, 2003

(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. The General Fund is the only budget to actual comparison required to be shown.

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, 2003

(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, 2003, all of the City's depositories are participating in the SAFE program, with a bank balance of \$36,559,961 and a carrying balance of \$33,241,868.

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, 2003

(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	\$ -	\$ 35,016,422	\$ -	\$ 35,016,422

The City does not expect to incur losses due to market fluctuations of government securities since it is anticipated that the securities will be held to maturity.

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, 2003

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

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), 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 over three years of 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

On October 1, 2002, the City evaluated and changed the useful lives of its treatment plants from 15 years to 40 years and pump stations from 15 years to 30 years. The effect on current year income was an increase of \$92,142.

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 2003. 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.

L. Accrued Compensated Leave

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Sick leave is accrued when incurred only to the extent that it is probable that the benefits will result in payments to be made upon employees' termination or retirement, rather than taken as absences due to illness or other contingencies. Vacation 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 are included in the accrued compensated leave account.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2003

(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.”

N. Implementation of New Accounting Principles

For fiscal year 2003, the City has implemented GASB Statement No. 34 (GASB 34), *Basic Financial Statements—Management’s Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37 (GASB 37), *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus*, and GASB Statement No. 38 (GASB 38), *Certain Financial Statement Disclosures*. At October 1, 2002, there was no effect on fund balance as a result of implementing GASB 37 and GASB 38.

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.

GASB 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

GASB 34 also includes certain transition treatments with regard to infrastructure. The City has elected to utilize these transition options and has capitalized some of its major infrastructure networks not previously capitalized: streets and bridges. The City utilized a weighted average age calculation for estimating the historical cost of the infrastructure networks recorded at transition. The other infrastructure networks: drainage basins, storm water drainage, and parks will be capitalized in future years, once the task of determining estimated historical cost is complete. Had the entire infrastructure networks been capitalized in this first year, net assets would be higher.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2003

(2) CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2003, was as follows:

	Balance 10/01/02	Additions Completions	Retirements Adjustments	Balance 9/30/03
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 26,854,675	\$ 716,009	\$ 894,694	\$ 26,675,990
Construction in progress	2,213,978	13,729,487	-	15,943,465
Infrastructure:				-
Street system	219,238,407	229,197	-	219,467,604
Bridges	960,821	-	-	960,821
Total capital assets not being depreciated	<u>249,267,881</u>	<u>14,674,693</u>	<u>894,694</u>	<u>263,047,880</u>
Other capital assets				
Buildings and capital facilities	53,053,333	24,230	-	53,077,563
Equipment and vehicles	18,281,850	1,742,708	37,104	19,987,454
Improvements	5,949,276	141,494	-	6,090,770
Other infrastructure	5,322,947	716,623	-	6,039,570
Total capital assets at historical cost	<u>82,607,406</u>	<u>2,625,055</u>	<u>37,104</u>	<u>85,195,357</u>
Less accumulated depreciation for				
Buildings and capital facilities	9,613,041	1,053,964	-	10,667,005
Equipment and vehicles	10,472,215	2,002,643	37,104	12,437,754
Improvements	833,374	137,408	-	970,782
Other infrastructure	339,754	133,873	-	473,627
Total accumulated depreciation	<u>21,258,384</u>	<u>3,327,888</u>	<u>37,104</u>	<u>24,549,168</u>
Other capital assets, net	<u>61,349,022</u>	<u>(702,833)</u>	<u>-</u>	<u>60,646,189</u>
Governmental activities capital assets, net	<u>\$ 310,616,903</u>	<u>\$ 13,971,860</u>	<u>\$ 894,694</u>	<u>\$ 323,694,069</u>
Business-Type Activities - Sewer Fund				
Capital assets not being depreciated				
Land	\$ 1,664,800	\$ -	\$ -	\$ 1,664,800
Total capital assets not being depreciated	<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
Equipment and vehicles	578,039	12,473	-	590,512
Total other capital assets at historical cost	<u>54,600,066</u>	<u>12,473</u>	<u>-</u>	<u>54,612,539</u>
Less accumulated depreciation for				
Buildings and capital facilities	14,229,191	1,519,347	-	15,748,538
Equipment and vehicles	389,583	54,546	-	444,129
Total accumulated depreciation	<u>14,618,774</u>	<u>1,573,893</u>	<u>-</u>	<u>16,192,667</u>
Other capital assets, net	<u>39,981,292</u>	<u>(1,561,420)</u>	<u>-</u>	<u>38,419,872</u>
Business-type activities capital assets, net	<u>\$ 41,646,092</u>	<u>\$ (1,561,420)</u>	<u>\$ -</u>	<u>\$ 40,084,672</u>

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2003

(2) CAPITAL ASSETS (CONTINUED):

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

Governmental activities:	
General government and administration	\$ 602,288
Public safety	1,128,546
Library	253,225
Municipal court	1,697
Highway and road improvements	398,986
Recreational services	932,763
Health	<u>10,383</u>
Total depreciation expense - Governmental activities	<u>\$3,327,888</u>
Business-type activities:	
Sewer services	<u>\$1,573,892</u>
Total depreciation expense - Business-type activities	<u>\$1,573,892</u>

(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. 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, 2003, 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.	\$9,310,000	-
\$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	-

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2003

(3) LONG-TERM DEBT (CONTINUED):

\$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.	75,465,000	-
\$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.	3,415,000	-
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.	-	\$ 7,575,000
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.	-	<u>8,905,000</u>
Total Bonds Payable	<u>\$115,375,000</u>	<u>\$16,480,000</u>

Changes in Outstanding Debt:

	Balance October 1, 2002	Additions	Reductions	Balance September 30, 2003	Due within one year
Governmental Activities					
Bond payable	\$ 76,565,000	\$ 82,585,000	\$ 43,715,000	\$ 115,375,000	\$ 4,095,000
Compensated absences	4,748,102	437,129	-	5,185,231	2,200,130
Claims payable	670,750	838,377	472,204	1,036,923	-
Total government fund types	<u>\$ 81,983,852</u>	<u>\$ 83,860,506</u>	<u>\$ 44,187,204</u>	<u>\$ 121,597,154</u>	<u>\$ 6,295,130</u>
Business-Type Activities					
Bond payable	\$ 17,135,000	-	\$ 655,000	\$ 16,480,000	\$ 680,000
Compensated absences	11,985	-	-	11,985	-
Total proprietary fund types	<u>\$ 17,146,985</u>	<u>\$ -</u>	<u>\$ 655,000</u>	<u>\$ 16,491,985</u>	<u>\$ 680,000</u>

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2003

(3) LONG-TERM DEBT (CONTINUED):

Annual debt service requirements to maturity for general obligation warrants (including interest) at September 30, 2003, are as follows:

Year Ending September 30	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2004	\$ 4,095,000	\$ 5,185,590	\$ 680,000	\$ 595,455	\$ 10,556,045
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	458,002	10,567,537
2010	4,860,000	4,297,564	850,000	427,263	10,434,827
2011	5,115,000	4,042,289	885,000	395,326	10,437,615
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	216,817	10,434,207
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	25,988	9,856,709
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	\$ 115,375,000	\$ 61,411,385	\$ 16,480,000	\$ 5,927,430	\$ 199,193,815

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, \$39,360,000 of bonds are considered defeased.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2003

(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, 2003, was \$224,430.

(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 2003, 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 7.45% of annual covered payroll. This is up from the 6.39% for fiscal 2003. The contribution requirements of plan members and the City are established and may be amended by the ERSA Board of Control.

Annual Pension Cost:

For 2003, the City's annual pension cost of \$1,867,372 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, 2002, was 20 years.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2003

(5) EMPLOYEE RETIREMENT PLAN (CONTINUED):

Three-Year Trend Information for the System

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
09/30/00	\$ 1,207,208	100%	\$ 0
09/30/01	\$ 1,360,181	100%	\$ 0
09/30/02	\$ 1,488,106	100%	\$ 0

Schedule of Funding Progress for the Pension Plan

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>[(b-a)/c]</u>
09/30/00	\$41,738,362	\$42,034,518	\$ 296,156	99.30%	\$23,386,482	1.27%
09/30/01	\$46,285,372	\$53,638,527	\$ 7,353,155	86.30%	\$26,432,723	27.82%
09/30/02	\$50,364,542	\$62,996,230	\$12,631,688	79.90%	\$27,881,857	45.30%

(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, 2003, there were nineteen employees receiving benefits under the ordinance. For the year ended September 30, 2003, the City recognized expenditures of \$79,031 for these benefits.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2003

(7) INTERNAL BALANCES:

Internal Balances represent short-term loans to help supplement various funds. At September 30, 2003, the outstanding internal balances were as follows:

<u>Fund</u>	<u>Internal Balances Due To</u>	<u>Internal Balances Due From</u>
General Fund	\$2,550,240	-
Sewer Enterprise Fund	-	\$2,182,077
Non-Major Governmental Funds	<u>-</u>	<u>368,163</u>
Total	<u>\$2,550,240</u>	<u>\$2,550,240</u>

(8) INTERFUND TRANSFERS:

Interfund transfers during the year ended September 30, 2003, were as follows:

<u>Transfers Out</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Transfers in GOW Capital Projects Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total</u>
General Fund	\$ -	\$5,030,211	\$ -	\$1,181,991	\$6,212,202
Total	<u>\$ -</u>	<u>\$5,030,211</u>	<u>\$ -</u>	<u>\$1,181,991</u>	<u>\$6,212,202</u>

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.

(9) OTHER INFORMATION:

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; and natural disasters. The City manages these risks under a limited risk management program, which is administered by the City through two professional claims-handling firms. The City purchases commercial insurance to cover individual workers' compensation claims in excess of \$300,000 and to cover aggregate annual compensation claims in excess of \$728,100. The City's excess workers' compensation coverage provides statutory limits for workers' compensation and \$1,000,000 in employee liability. The City also purchases commercial insurance to cover individual property, casualty, and liability claims in excess of \$50,000 and to cover aggregate annual property, casualty, and liability claims in excess of \$350,000. The City has not significantly reduced any of its insurance coverage from that of the prior year, and the amount of settlements have 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.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2003

(9) OTHER INFORMATION (CONTINUED):

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 2003 and 2002 are as follows:

	<u>2003</u>	<u>2002</u>
Unpaid claims, beginning	\$ 670,750	\$508,634
Incurred claims (including IBNRs)	838,376	543,768
Claim payments	<u>(472,203)</u>	<u>(381,652)</u>
Unpaid claims, ending	<u>\$1,036,923</u>	<u>\$670,750</u>

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.

As of September 30, 2003, the City has executed contracts related to construction projects in the amount of \$67,536,354. Of this amount, \$15,367,440 has been incurred to date creating a total of remaining commitment of \$52,168,914. The City is responsible for funding \$42,626,655 of this commitment with the remaining \$9,542,259 to be funded by other governmental units.

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 \$1,720,052 at September 30, 2003. However, the invested in capital assets net of related debt totals \$23,604,673, resulting in total net assets of \$21,884,621 at September 30, 2003. The fund will be subsidized by the general fund should the need arise.

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
For the Year Ended September 30, 2003

(10) PRIOR PERIOD ADJUSTMENT:

During the year ended September 30, 2003, adjustments were made to net assets related to sewer lines, manhole additions, and pump stations that were constructed by developers when building a new subdivision or commercial property and then deeding those improvements over to the City without providing any commensurate dollar value for them. The effect of this correction increases the beginning net assets balance as follows:

Buildings and capital facilities	\$24,234,625
Accumulated depreciation	<u>(7,873,745)</u>
Increase in beginning net assets	<u>\$16,360,880</u>

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

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THE CITY OF HOOVER, ALABAMA
Modified Approach for Infrastructure Assets
Assessment Condition - Streets
For the Fiscal Year Ending September 30, 2003

		Streets	
		2003	
	Quality Rating Standards	Length (in feet)	%
Excellent	5	115,170.69	7.09%
Good	4	1,201,087.52	73.99%
Fair	3	228,183.58	14.06%
Poor	2	27,214.35	1.68%
Unsatisfactory	1	110.13	0.01%
Under Construction	UC	51,534.72	3.17%
Total		<u>1,623,300.99</u>	<u>100.00%</u>

		Streets	
		2003	
	Quality Rating Standards	Value	%
Excellent	5	11,755,493.28	5.36%
Good	4	167,253,228.56	76.27%
Fair	3	30,455,874.51	13.89%
Poor	2	3,726,525.25	1.70%
Unsatisfactory	1	67,755.00	0.03%
Under Construction	UC	6,030,195.40	2.75%
Total		<u>219,289,072.00</u>	<u>100.00%</u>

		Streets	
		2003	
	Quality Rating Standards	Length (in miles)	%
Excellent	5	21.81	7.09%
Good	4	227.48	73.99%
Fair	3	43.22	14.06%
Poor	2	5.15	1.68%
Unsatisfactory	1	0.02	0.01%
Under Construction	UC	9.76	3.17%
Total		<u>307.44</u>	<u>100.00%</u>

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	6,680.00	2.50	16,700.00
Bituminous concrete Waring Surface, Mix 1, (Approx. 220 LBS/SY)	Ton	7,348.00	43.00	315,964.00
Planing Existing Pavement (Approx. 1.10" thru 2.0")	Square Yard	17,447.00	13.00	<u>226,811.00</u>
TOTAL				<u><u>\$ 559,475.00</u></u>

NOTE: Total Roadway Length for 1 and 2 ratings = 5.3 miles

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

FUND	Fiscal Year 1999	Fiscal Year 2000	Fiscal Year 2001	Fiscal Year 2002	Fiscal Year 2003
7 Cent Gas Tax Fund	\$ -	\$ 227,703	\$ 131,937	\$ 328,717	\$ 400,242
4 & 5 Cent Gas Tax Fund	<u>615,689</u>	<u>500,551</u>	<u>348,727</u>	<u>195,270</u>	<u>234,407</u>
TOTAL	<u><u>\$ 615,689</u></u>	<u><u>\$ 728,254</u></u>	<u><u>\$ 480,663</u></u>	<u><u>\$ 523,987</u></u>	<u><u>\$ 634,649</u></u>

THE CITY OF HOOVER, ALABAMA
Modified Approach for Infrastructure Assets
Assessment Condition - Bridges
For the Fiscal Year Ending September 30, 2003

	<u>Structure Length</u>	<u>Deck Width</u>	<u>Barrel Length</u>	<u>Overall Rating</u>	<u>Square Footage</u>	<u>Estimated Value</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	<u>97.0</u>	<u> </u>	<u>26.0</u>	<u>6</u>	<u>2,522</u>	<u>144,108.90</u>	<u>10</u>
TOTAL/AVERAGE	<u>547.0</u>	<u>160.0</u>	<u>56.0</u>	<u>6.7</u>	<u>16,815</u>	<u>\$ 960,821.26</u>	<u>21</u>

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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, 2003

STREETS AND BRIDGES

The City of Hoover has 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 has decided to inventory and value 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 needs to provide a mechanism to ensure that our infrastructure inventory database is properly maintained. The City has 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, 2003

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, 2003

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, 2003

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:

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

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

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

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.

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2003

Based on this formula, the total estimated value for Hoover streets in 2003 = **\$219,289,072**. In addition, the total street length for the same is **\$1,623,300.99 feet or 307.44 miles**. In general, only 1.69% of Hoover's streets are below the established threshold.

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 **5.3 miles**. The City will prioritize their paving and maintenance of roads based on this list and will address them in fiscal year 2004.

The estimated cost to raise the ratings of 1 and 2 is approximately **\$559,475**. This assumes that all road segments would require planing/milling. The Director of Public Works has estimated that only about 1 mile of the 5.5 miles will require planing/milling. Thus, the estimated cost to preserve the infrastructure at level 3 or higher would be approximately \$515,000, when taking into consideration the lower amount for planing/milling.

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 5 YEARS

FUND	FISCAL YEAR 1999	FISCAL YEAR 2000	FISCAL YEAR 2001	FISCAL YEAR 2002	FISCAL YEAR 2003
211 - 7 CENT GAS TAX	\$ -	\$ 227,703	\$ 131,937	\$ 328,717	\$ 400,242
212 - 4 & 5 CENT GAS TAX	<u>615,689</u>	<u>500,551</u>	<u>348,727</u>	<u>195,270</u>	<u>234,407</u>
TOTAL	<u>\$ 615,689</u>	<u>\$ 728,254</u>	<u>\$ 480,663</u>	<u>\$ 523,987</u>	<u>\$ 634,649</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.

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 2002.

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2003

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

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 CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2003

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

By utilizing the Construction Cost Index provided by Engineering News Record, a depreciation factor for the age was calculated. It was determined that the average age calculation of the bridge assets within the City of Hoover was 21 years. Going back 21 years from 2003, the average construction cost was 3825. For 2003, the annual average construction cost was 6694. Therefore, the depreciation factor was calculated as follows:

$$(3825/6694) * 100\% = 57.14072304\%$$

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

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

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.

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

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.

THE CITY OF HOOVER, ALABAMA
Notes to Required Supplementary Information
For the Fiscal Year Ended September 30, 2003

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, 2003

	Special Revenue							
	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	\$ 519,219	\$ 613,360	\$ 491,569	\$ -	\$ 338,159	\$ 83,807	\$ 705,911	\$ 64,012
Receivables								
Taxes	-	-	-	-	-	-	-	-
Accounts	70,148	-	-	140,441	-	-	-	-
Due from other governments	-	70,691	42,578	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 589,367</u>	<u>\$ 684,051</u>	<u>\$ 534,147</u>	<u>\$ 140,441</u>	<u>\$ 338,159</u>	<u>\$ 83,807</u>	<u>\$ 705,911</u>	<u>\$ 64,012</u>
Liabilities and fund balances								
Accounts payable and accrued liabilities	\$ 98,391	\$ -	\$ 1,132	\$ 138,712	\$ -	\$ 2,258	\$ 21,753	\$ -
Internal balances	-	-	-	1,729	-	-	-	-
Total liabilities	98,391	-	1,132	140,441	-	2,258	21,753	-
Fund balances								
Unreserved, undesignated fund balance	490,976	684,051	533,015	-	338,159	81,549	684,158	64,012
Total fund balances	<u>490,976</u>	<u>684,051</u>	<u>533,015</u>	<u>-</u>	<u>338,159</u>	<u>81,549</u>	<u>684,158</u>	<u>64,012</u>
Total liabilities and fund balances	<u>\$ 589,367</u>	<u>\$ 684,051</u>	<u>\$ 534,147</u>	<u>\$ 140,441</u>	<u>\$ 338,159</u>	<u>\$ 83,807</u>	<u>\$ 705,911</u>	<u>\$ 64,012</u>

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

THE CITY OF HOOVER, ALABAMA
Combining Balance Sheet - Continued
NonMajor Governmental Funds
September 30, 2003

	Special Revenue - Continued							Capital Projects	Total Nonmajor Governmental Funds
	Traffic Safety	Local Law Enforcement Block Grant	COPS	BRPC Highway Safety	Bullet Proof Vest Program	DARE	Total	Other Capital Projects Fund	
Assets									
Pooled cash and investments	\$ 116,629	\$ 39	\$ -	\$ -	\$ 4,886	\$ 10,371	\$ 2,947,962	\$ -	\$ 2,947,962
Receivables									
Taxes	-	-	-	-	-	-	-	-	-
Accounts	-	-	26,188	2,063	-	-	238,840	424,830	663,670
Due from other governments	-	-	-	-	-	-	113,269	-	113,269
Inventories	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-
Total assets	\$ 116,629	\$ 39	\$ 26,188	\$ 2,063	\$ 4,886	\$ 10,371	\$ 3,300,071	\$ 424,830	\$ 3,724,901
Liabilities and fund balances									
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 418	\$ -	\$ 262,664	\$ 77,938	\$ 340,602
Internal balances	-	-	26,188	2,063	-	-	29,980	338,183	368,163
Total liabilities	-	-	26,188	2,063	418	-	292,644	416,121	708,765
Fund balances									
Unreserved, undesignated fund balance	116,629	39	-	-	4,468	10,371	3,007,427	8,709	3,016,136
Total fund balances	116,629	39	-	-	4,468	10,371	3,007,427	8,709	3,016,136
Total liabilities and fund balances	\$ 116,629	\$ 39	\$ 26,188	\$ 2,063	\$ 4,886	\$ 10,371	\$ 3,300,071	\$ 424,830	\$ 3,724,901

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

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, 2003

	Special Revenue							
	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	-	700,579	461,505	408,560	241,020	-	-	-
Fines and forfeits	-	-	-	-	-	59,620	185,573	13,197
Investment income	-	-	-	-	-	1,248	-	-
Rents and royalties	-	-	-	-	-	-	-	-
Contributions and reimbursements	1,228	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Charges for services	966,348	-	-	-	-	-	2,501	-
Total revenues	<u>967,576</u>	<u>700,579</u>	<u>461,505</u>	<u>408,560</u>	<u>241,020</u>	<u>60,868</u>	<u>188,074</u>	<u>13,197</u>
Expenditures								
Current operations								
General government	-	-	-	33,452	-	-	-	-
Public safety	1,803,490	-	-	-	-	10,953	-	-
Library	-	-	-	-	-	-	-	-
Municipal court	-	-	-	-	-	-	643,230	3,505
Sanitation	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Highway and roadway improvements	-	400,242	234,407	-	-	-	-	-
Recreation services	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Total	<u>1,803,490</u>	<u>400,242</u>	<u>234,407</u>	<u>33,452</u>	<u>-</u>	<u>10,953</u>	<u>643,230</u>	<u>3,505</u>
Capital outlays	19,572	230,995	-	375,108	44,024	19,232	-	-
Total expenditures	<u>1,823,062</u>	<u>631,237</u>	<u>234,407</u>	<u>408,560</u>	<u>44,024</u>	<u>30,185</u>	<u>643,230</u>	<u>3,505</u>
Excess of revenues over (under) expenditures	(855,486)	69,342	227,098	-	196,996	30,683	(455,156)	9,692
Other financing sources (uses)								
Interfund transfers	1,028,492	-	-	-	-	-	-	54,320
Total other financing sources (uses)	<u>1,028,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,320</u>
Excess of revenue and other financing sources over (under) expenditures and other financing uses	173,006	69,342	227,098	-	196,996	30,683	(455,156)	64,012
Fund balances, beginning of year	317,970	614,709	305,917	-	141,163	50,866	1,139,314	-
Fund balances, end of year	<u>\$ 490,976</u>	<u>\$ 684,051</u>	<u>\$ 533,015</u>	<u>\$ -</u>	<u>\$ 338,159</u>	<u>\$ 81,549</u>	<u>\$ 684,158</u>	<u>\$ 64,012</u>

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

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, 2003

	Special Revenue - Continued							Capital Projects	Total Nonmajor Governmental Funds
	Traffic Safety	Local Law Enforcement Block Grant	COPS	BRPC Highway Safety	Bullet Proof Vest Program	DARE	Total	Other Capital Projects Fund	
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	13,816	79,498	2,063	3,153	11,538	1,921,732	564,465	2,486,197
Fines and forfeits	38,828	-	-	-	-	-	297,218	-	297,218
Investment income	-	-	-	-	-	-	1,248	-	1,248
Rents and royalties	-	-	-	-	-	-	-	-	-
Contributions and reimbursements	-	-	-	-	-	-	1,228	-	1,228
Other	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	968,849	-	968,849
Total revenues	<u>38,828</u>	<u>13,816</u>	<u>79,498</u>	<u>2,063</u>	<u>3,153</u>	<u>11,538</u>	<u>3,190,275</u>	<u>564,465</u>	<u>3,754,740</u>
Expenditures									
Current operations									
General government	-	-	-	-	-	-	33,452	-	33,452
Public safety	-	15,312	79,498	2,063	13,857	7,512	1,932,685	-	1,932,685
Library	-	-	-	-	-	-	-	-	-
Municipal court	3,537	-	-	-	-	-	650,272	-	650,272
Sanitation	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Highway and roadway improvements	-	-	-	-	-	-	634,649	-	634,649
Recreation services	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Total	<u>3,537</u>	<u>15,312</u>	<u>79,498</u>	<u>2,063</u>	<u>13,857</u>	<u>7,512</u>	<u>3,251,058</u>	<u>-</u>	<u>3,251,058</u>
Capital outlays	-	-	-	-	-	-	688,931	564,465	1,253,396
Total expenditures	<u>3,537</u>	<u>15,312</u>	<u>79,498</u>	<u>2,063</u>	<u>13,857</u>	<u>7,512</u>	<u>3,939,989</u>	<u>564,465</u>	<u>4,504,454</u>
Excess of revenues over (under) expenditures	35,291	(1,496)	-	-	(10,704)	4,026	(749,714)	-	(749,714)
Other financing sources (uses)									
Interfund transfers	81,338	1,535	-	-	15,172	6,345	1,187,202	(5,211)	1,181,991
Total other financing sources (uses)	<u>81,338</u>	<u>1,535</u>	<u>-</u>	<u>-</u>	<u>15,172</u>	<u>6,345</u>	<u>1,187,202</u>	<u>(5,211)</u>	<u>1,181,991</u>
Excess of revenue and other financing sources over (under) expenditures and other financing uses	116,629	39	-	-	4,468	10,371	437,488	(5,211)	432,277
Fund balances, beginning of year	-	-	-	-	-	-	2,569,939	13,920	2,583,859
Fund balances, end of year	<u>\$ 116,629</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,468</u>	<u>\$ 10,371</u>	<u>\$ 3,007,427</u>	<u>\$ 8,709</u>	<u>\$ 3,016,136</u>

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

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STATISTICAL SECTION

PRIMARY GOVERNMENT

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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>
1994	\$ 25,889,361 (A)	\$ 2,925,759	\$ 217,420	\$ 53,062	\$ 126,548	\$	919,940	\$ 30,132,090
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 (B)	804,160	8,847	659,009	3,301,523 (C)	1,987,514	60,214,892

(A) The City Council passed a 1% sales tax increase effective March 1, 1994

(B) 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 above numbers.

(C) 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</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>
1994	\$ 3,161,080	\$ 13,115,674	\$ 3,965,613				\$ 311,847	\$ 2,601,047	\$ 5,483,843	\$ 28,639,104
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

(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

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

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

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
1994	\$ 30,891,426	\$ 5,860,897	\$ 2,168,119	\$ 496,575	\$ 859,392 (A)		\$ 1,370,029	\$ 41,646,438
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

(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>
1994	\$ 2,067,459	\$ 2,047,448	99.0%	\$ 39,705	\$ 2,087,153	101.0
1995	2,500,478	2,340,533	93.6	50,862	2,391,395	95.6
1996	2,570,800	2,524,918	98.2	89,335	2,614,253	101.7
1997	2,671,897	2,616,964	97.9	32,944	2,649,908	99.2
1998	2,809,236	2,764,344	98.4	12,696	2,777,040	98.9
1999	2,882,415	2,846,285	98.7	4,694	2,850,979	98.9
2000	3,464,495	3,418,252	98.7	8,958	3,427,210	98.9
2001	3,568,457	3,537,316	99.1	11,118	3,548,434	99.4
2002	3,522,962	3,500,780	99.4	21,629	3,522,409	100.0
2003	3,707,825	3,699,348	99.8	20,445	3,719,793	100.3

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>
1994	\$ 839,239	\$ 837,480	99.8%	\$ 1,125	\$ 838,606	99.9
1995	1,011,854	971,018	96.0	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

(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	
1994	\$ 232,228,585	\$ 1,626,395,898	\$ 31,343,755	\$ 156,718,775	\$ 60,297,380	\$ 200,971,168	\$ 323,869,720	\$ 1,984,085,841	16.32%
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%

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	
1994	\$ 114,616,180	\$ 773,341,600	\$ 12,254,780	\$ 61,273,900	\$ 3,880,840	\$ 12,936,133	\$ 130,751,800	\$ 847,551,633	15.43%
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%

(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		
1994	0.65	1.40	2.05	1.35	0.82	1.39	3.56	0.65	6.26
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

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
1994	0.65	1.40	2.05	0.75	1.60	0.60	0.40	3.35	0.65	6.05
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

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

THE CITY OF HOOVER, ALABAMA
Principal Property Taxpayers
For the Fiscal Year Ended September 30, 2003

	<u>City Ad Valorem Taxes</u>	<u>Percentage of Total Property Taxes Collected (A)</u>
Bellsouth Telecommunications	\$ 443,561	7.52%
Blue Cross & Blue Shield	218,240	3.70%
Amsouth Bank & Investment Services	203,770	3.45%
Metropolitan Life Insurance Co	181,489	3.08%
Hoover Mall Limited LP	151,955	2.58%
Colonial Realty LTD PTN	113,958	1.93%
Meadowbrook Properties	88,912	1.51%
Alabama Power Co	51,614	0.87%
Ridge Crossings Apt LTD	44,450	0.75%
Wynfrey Hotel Ltd	35,120	0.60%
 Total City Ad Valorem Taxes - Principal Property Taxpayers	 <u>1,533,070</u>	 <u>25.98%</u>
 Total City Ad Valorem Taxes - All Taxpayers	 <u>\$ 5,900,922 (A)</u>	 <u>100.00%</u>

(A) Excludes motor vehicles

THE CITY OF HOOVER, ALABAMA
Computation of Legal Debt Margin
September 30, 2003

Assessed value of property:		
Jefferson County		\$ 657,167,694
Shelby County		<u>395,372,400</u>
Total Assessed Value of Property		<u><u>1,052,540,094</u></u> (A) (B)
Debt Limit - 20 percent of total assessed value		210,508,019
Amount of debt applicable to debt limit:		
General Obligation Warrants		<u>115,375,000</u>
Legal debt margin		<u><u>\$ 95,133,019</u></u>

(A) Includes assessed value of motor vehicles totaling \$127,235,860 (Jefferson County - \$73,621,140 and Shelby County - \$53,614,720)

(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>
1994	50,000	(A)	\$ 488,713,020	(D)	\$ 64,126,353	13.12%	\$ 1,282.53
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

(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>
1994	\$ 5,460,564	\$ 28,639,104	19.07%
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%

(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, 2003

	<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	\$ 115,375,000	100.00%	\$ 115,375,000
Total direct debt	<u>115,375,000</u>		<u>115,375,000</u>
Overlapping Debt:			
Hoover City Board of Education	168,255,000	100.00%	168,255,000
Jefferson County	297,830,000	10.11%	30,111,969
Jefferson County Board of Education	160,358,293	10.11%	16,212,954
Shelby County Board of Education	<u>144,525,730</u>	20.56%	<u>29,715,824</u>
Total overlapping debt	<u>770,969,024</u>		<u>244,295,747</u>
Total direct and overlapping debt	<u>\$ 886,344,024</u>		<u>\$ 359,670,747</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>		
1994	50,000	(C)	\$	53,472	(E)	7,683	(D)	1.7%	(B)
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)

- (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>
1994	80,704,946 (A)	147,316,465 (A)	9,242,679 (A)	1,625 (A)	1,766,960,513 (B)
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)

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

THE CITY OF HOOVER, ALABAMA
Miscellaneous Statistics
September 30, 2003

Date of Incorporation: May 18, 1967

Area (Square Miles): 39.00 (A)

Public Schools:
 Established: August 29, 1988

Form of Government: Mayor-Council (5 members)

Miles of Street:
 Paved 297.68 (B)
 Under Construction 9.76 (B)
 Total 307.44

Enrollment 11,163 (H)

Number of Approved Positions:

Administration	19
Building Services	10
Development	2
Engineering & Horticulture	5
Finance	8
Fleet	7
Police	171
Fire	162
Human Resources	5
Inspection Services	19
Municipal Court	9
Animal Control	2
Park Maintenance	41
Public Safety Communications/Dispatch	30
Public Works	34
Revenue	7
Sewer	1
Support Services/MIS	8
Parks & Recreation	53
Library	95
Total Approved Positions	688 (G)

(562 FT, 96 PT, 6 EO, 24 TP)

Miles of Sewers:
 Sanitary 86.1 (A)

Buildings:
 High schools 2
 Middle Schools 3
 Elementary Schools 9

Recreation:
 Number of Parks 19 (C)
 Acres of developed parks and lakes 568 (C)
 Acres not developed 292 (C)

Population:
 1968 410 (D)
 1970 1,393 (D)
 1980 19,792 (D)
 1990 39,788 (D)
 2000 62,742 (D)
 2002 65,885 (E)
 2003 67,830 (E)

Public Safety:
 Number of fire stations 8
 Number of police stations 1
 Number of police substations 2

Number of housing units:
 Owner occupied 19,744 (E)
 Renter occupied 10,619 (E)
 Total 30,363 (E)

Median Age: 37.11 (F)

- 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