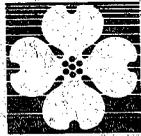


THE CITY OF HOOVER, ALABAMA



Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 2001



THE CITY OF HOOVER, ALABAMA

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2001

Office of the Finance Director

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

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THE CITY OF HOOVER, ALABAMA
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2001

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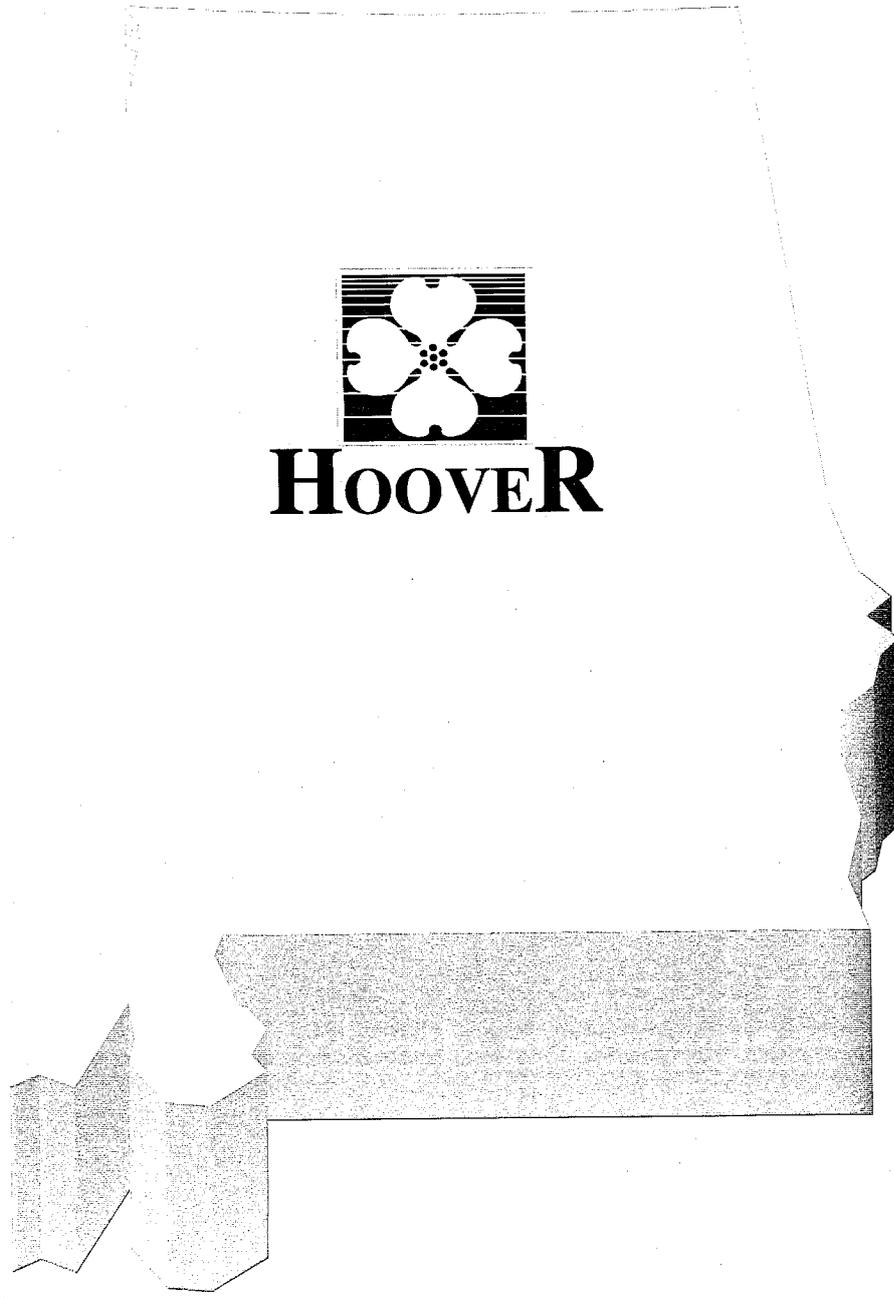
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INTRODUCTORY SECTION

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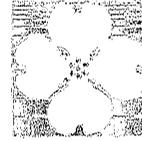


The City of Hoover has a population of 64,605 and is located in north-central Alabama within the Birmingham metropolitan area. Hoover occupies approximately 37 square miles within Jefferson and Shelby counties.

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City of Hoover

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HOOVER

March 21, 2002

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, 2001, is hereby submitted as mandated by state statutes. 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. The accounting firm of Mackle, Splawn, Tindall & McDonald, LLP 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 the best of our knowledge and belief, the enclosed data is accurate in all material respects, and are reported in a manner that presents fairly the financial position and result of operations for the various funds, account groups, and component units of the City. 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 this letter of transmittal, an organizational chart and a list of the elected officials.

The FINANCIAL section includes the independent auditor's report, the general-purpose financial statements, and the combining and individual fund and account group statements and schedules.

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

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 and questioned costs are included in a separately issued single audit report.

The financial reporting entity (the Government) includes all the funds and account groups of the primary government (the City), as well as all of its component units. Component units

are legally separate entities for which the primary government is financially accountable. The Government provides a full range of services including general administration, planning and zoning, public improvements, public safety (police, fire, and inspections), municipal court, streets and sanitation, recreation, library and cultural events, and primary and secondary education.

Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations, and cash flows from those of the primary government. The School Board, Parks and Recreation Board, and Library Board are reported as discretely presented component units.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The Government, incorporated in 1967, is located in Jefferson and Shelby Counties in north central Alabama. 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. One reason for this 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 Government's financial condition continues to be strong. Overall, the City's revenue increased by 3.39%.

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 30% 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 portion of the City also contains many shopping options for people who live and work in that area and beyond.

GOVERNMENTAL 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.

MAJOR INITIATIVES

FOR THE YEAR 2001

FY 2001 was the first year that the City participated in the International City/County Management Association's (ICMA) Performance Measurement program. This was the City's first step toward an outcome-focused management and budget system.

The following summarizes some of the accomplishments by various departments during FY 2001.

POLICE. The police department focused on reorganization and incentives for their department during the year. The department created a third bureau, entitled the Administrative Services Bureau, to add to its two current bureaus, Investigative Services Bureau and Field Operations Bureau. In addition, the department implemented a Master Police Officer (MPO) program. The MPO program is a voluntary, incentive based program designed to recognize officers for their education, training, experience, expertise, and continuing contribution to the department and the City of Hoover.

SUPPORT SERVICES. The support services department is responsible for a multitude of services including maintaining desktop computers, supporting the network, administering computer applications, providing telecommunications support, and the implementation of other project management issues, such as cable television franchise administration. The department implemented a long distance plan change that resulted in costs savings and additional controls. System design efforts were begun in order to deploy mobile data terminals in public safety vehicles. Additional Geographic Information System (GIS) enhancements were acquired and installed. The department also extended unified messaging to additional users that allowed fax and voice mail services on the users' desktop computer.

DEVELOPMENT. The development office was an instrumental player and partner with various economic development projects during the year. The department worked with others in order to locate the AllState Claims Center in the City. Subsequently, this project was recognized by the Birmingham Business Journal as the 2001 Office Deal of the Year. In addition, the department continues to implement the Hoover-on-the-Cahaba strategic development concept by publishing and distributing a "Natural Resources Inventory of the Upper Cahaba River" poster. Another major initiative underway involved the beginning negotiations to build a hotel/conference center and golf course in the City. This project will continue to be a major focus in the coming years.

REVENUE. During the year, the revenue department processed over 45,000 documents, which represented over \$64,000,000 in tax monies. Major goals that were set during the year were met. These goals included providing business license applications and all tax forms on the City's website to allow taxpayers to download the forms for convenience. Other accomplishments that the department made included conducting a physical inventory of all city businesses, reviewing and updating all taxpayer files, and establishing a taxpayer 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 2001 resulted in another successful Southeastern Conference (SEC) Baseball Tournament at the Hoover Metropolitan Stadium. The tournament drew 85,771 fans over a five-day period. In addition, the City purchased 80 acres of property adjoining the Hoover Metropolitan Stadium and began master planning for development of the project. Plans for this site include construction of a recreational vehicle park, extension of a roadway to provide additional ingress and egress to the Metropolitan Stadium, and additional parking. These changes will enhance the SEC Tournament and attract other events to the City.

RISK MANAGEMENT. As the City of Hoover continues to grow, areas of potential exposure increase. The department finished the fiscal year with 29% of the workers' compensation claims budget and 47% of the property and casualty claims budget remaining unspent. In addition, the department collected restitution for property and casualty claims and workers' compensation claims in the amount of \$85,092.62.

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. The department now has two technicians that are certified as Emergency Vehicle Technicians (EVT). Certification of technicians will continue to be a major priority in the future.

PUBLIC WORKS. The public works department includes the streets, sewers, and drainage division, the solid waste division, and the building services division. One major accomplishment included over 17 miles of paved roads. Another major project involved Star Lake. The departmental employees dredged the lake, which resulted in removing 3,276 tandem loads of silt that totaled 45,780 yards, and built an island, a sea wall, a duck ramp, and a pier for the lake. The solid waste area held a Household Hazardous Waste Day and conducted a Pilot Recycling Program with 35-gallon roll carts.

ENGINEERING. Many projects were completed in the engineering department for FY 2001. These involved a sanitary sewer extension, various turn lane improvements, traffic signal installations, and drainage improvements. One completed project in particular was the implementation of Congestion Mitigation & Incident Management (CMIM) cameras. In addition, the department has a multitude of ongoing road and infrastructure projects to reduce traffic congestion throughout the City.

PARKS & RECREATION. Accomplishments for the parks & recreation department for FY 2001 ranged from maintenance, to new programs, to new ballparks. The department upgraded its HVAC system at its Recreation Center, as well as updated the Colorado Timing system for its pool and swim team competitions. The "Start Smart" program was implemented, in which parents are taught along with their children ages 4-6 the basic fundamentals of soccer, baseball, and golf. Major effort toward completion of the new Spain Park Baseball Complex was undertaken. The new complex will provide two baseball fields for ages 15 to 18, and two adult softball fields. The complex is scheduled to open in FY 2002.

DEPARTMENTAL FOCUS – LIBRARY

FY 2001 was a banner year for the Hoover Public Library, due to the completion of its \$5.6 million expansion project funded by the City. The project doubled the size of the existing facility to 80,000 square feet. Major aspects of the project included: increased parking spaces (from 140 to 246), a Friends of the Library used bookstore, a public snack area, a technology hub, a computer training facility, 31 additional public personal computers, a large youth programming room with kitchen, a business/law area, 2 conference rooms for public use, a self-checkout machine for patrons, a renovation of the circulation department, as well as a major increase in shelving, seating and study areas.

Since the reopening of the library in April 2001, patron usage has substantially increased in several ways. Not only has attendance in technology classes in the computer training facility increased but also circulation materials have averaged 80,000 a month. New services offered this year included: free computer classes in Microsoft Word, Microsoft Excel, and personal computing, as well as book discussion programs in the youth and fiction departments, on-line references, and DVDs for checkout. In addition, the youth department registered 3,338 children for its 2001 Summer Reading Program, a 27% increase over the previous year. The library continues to be a quality service that the citizens in the community utilize and enjoy.

FOR THE FUTURE

The City of Hoover continues to strive for excellence in service delivery to its citizens. One of the major initiatives of the administration will be 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 FY 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.

Individual departments have set future goals for themselves that will not only enhance City services, but also modernize the services provided. A few of the goals to move the City forward are described below.

The police department is currently working on a live scan fingerprinting system for the jail. This will allow fingerprints to automatically be sent to AFIS (Automated Fingerprint Identification System). In addition, the police department is requesting a designation as a multi-agency Emergency Preparedness Training Center for bio-terrorism preparedness.

The parks & recreation department is continuing to update their equipment and facilities, as well as expand their programs. They are also working toward earning an accreditation by the National Council on Accreditation of Park and Recreation Agencies (CAPRA).

Finally, the engineering department will continue to spearhead the implementation and completion of their road and infrastructure projects. The completion of some of these road projects will allow future proposed retail and development projects to get underway, in order to provide the City more revenue for future service delivery.

GENERAL GOVERNMENT RESULTS: REVENUE

The following schedules present a summary of revenues for the General Fund and Special Revenue Funds for the fiscal year ended September 30, 2001, with the amount and percentage of increase (decrease) in relation to prior years.

Below revenues are broken down by major categories. Although some individual categories decreased, overall revenues increased by \$2,202,507 or 3.39% over the previous year. The two largest sources of revenue by major category are taxes and licenses and permits, which comprise 88.29% of total revenues. These two sources of revenue increased 4.8% and 3.88% respectively in FY 2001.

<u>Revenues</u>	<u>FY 2001 Amount</u>	<u>Percent of Total</u>	<u>FY 2000 Amount</u>	<u>Increase (Decrease) From FY 2000</u>	<u>Percent of Increase (Decrease)</u>
Taxes	\$ 49,904,277	74.64 %	\$ 47,617,553	\$ 2,286,724	4.80 %
Licenses and permits	9,351,131	13.99	9,002,056	349,075	3.88
Intergovernmental	2,622,735	3.92	3,548,125	(925,390)	(26.08)
Fines and forfeits	1,219,308	1.82	1,455,122	(235,814)	(16.21)
Investment income	2,521,420	3.77	1,904,654	616,766	32.38
Charges for services	1,209,952	1.81	1,170,467	39,485	3.37
Other	29,188	0.04	208,831	(179,643)	(86.02)
Total	\$ 66,858,011	100.00 %	\$ 64,906,808	\$ 1,951,203	3.01 %

Intergovernmental revenues consist primarily of various state and county taxes shared with the City on a pro-rata basis. However, the decrease above mainly consisted of reimbursements that were received in FY 2000, but not received in FY 2001.

A more detailed analysis of revenue sources in descending order is set forth below:

Revenues	FY 2001 Amount	Percent of Total	FY 2000 Amount	FY 2001 Increase (Decrease) from FY 2000	Percent of Increase (Decrease)
Sales and use taxes	\$ 40,994,618 (A)	61.32 %	\$ 39,019,809	\$ 1,974,809	5.06 %
Property taxes	6,272,127 (A)	9.38	5,883,800	388,327	6.60
Business licenses	5,815,325 (B)	8.70	5,459,851	355,474	6.51
Investment income	2,521,420	3.77	1,904,654	616,766	32.38
Intergovernmental	2,622,735	3.92	3,612,124	(989,389)	(27.39)
Building permits	2,566,882 (B)	3.84	2,847,326	(280,444)	(9.85)
Fines and forfeits	1,219,308	1.82	1,455,120	(235,812)	(16.21)
E-911	952,431 (C)	1.42	916,543	35,888	3.92
All other revenue	3,893,165 (D)	5.82	3,807,581	85,584	2.25
Total revenues	\$ 66,858,011	100.00 %	\$ 64,906,808	\$ 1,951,203	3.01 %

(A) Included in taxes on the previous page

(B) Included in licenses and permits on the previous page

(C) Included in charges for services on previous page

(D) Included in the following:

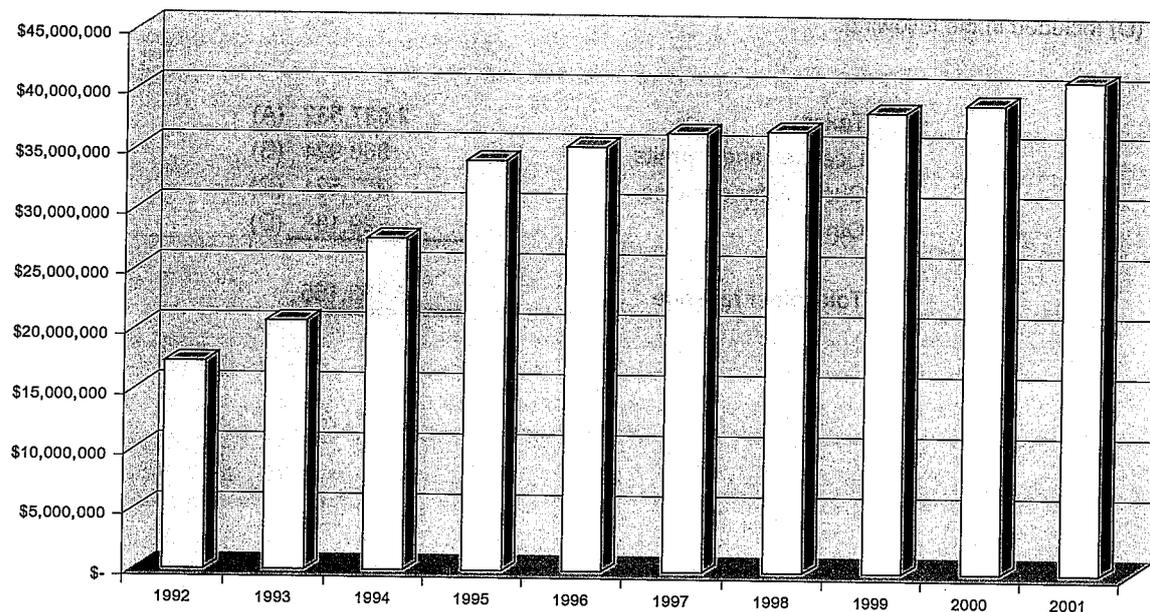
Taxes	2,637,532 (A)
Licenses and permits	968,924 (B)
Charges for services	257,521 (C)
Other	<u>29,188 (D)</u>
Total other revenue	<u>3,893,165</u>

Sales and use taxes are the greatest source of revenue to the City. Continued commercial expansion has resulted in greater sales and use tax revenues in each of the past 10 years. The chart and table below depict the past ten years of sales and use tax revenue collected by the City.

<u>Fiscal Year</u>	<u>Sales and Use Tax Revenue</u>	<u>Percent of Increase (Decrease) from Previous Year</u>	<u>Total General and Special Revenue Funds</u>	<u>Percent of Total Revenue</u>
1992	\$ 17,278,328	8.59 %	\$ 29,296,953	58.98 %
1993	20,728,713	19.97	33,242,097	62.36
1994	27,568,637	33.00	41,672,127	66.16
1995	34,085,710	23.64	49,595,510	68.73
1996	35,299,684	3.56	51,328,047	68.77
1997	36,490,195	3.37	55,949,958	65.22
1998	36,758,134	0.73	57,316,109	64.13
1999	38,365,791	4.37	61,101,145	62.79
2000	39,019,809	1.70	64,906,808	60.12
2001	\$ 40,994,618	5.06 %	\$ 67,109,315 <i>66,858,011</i>	61.09 %

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

SALES AND USE TAX REVENUE
FY 1992 TO FY 2001

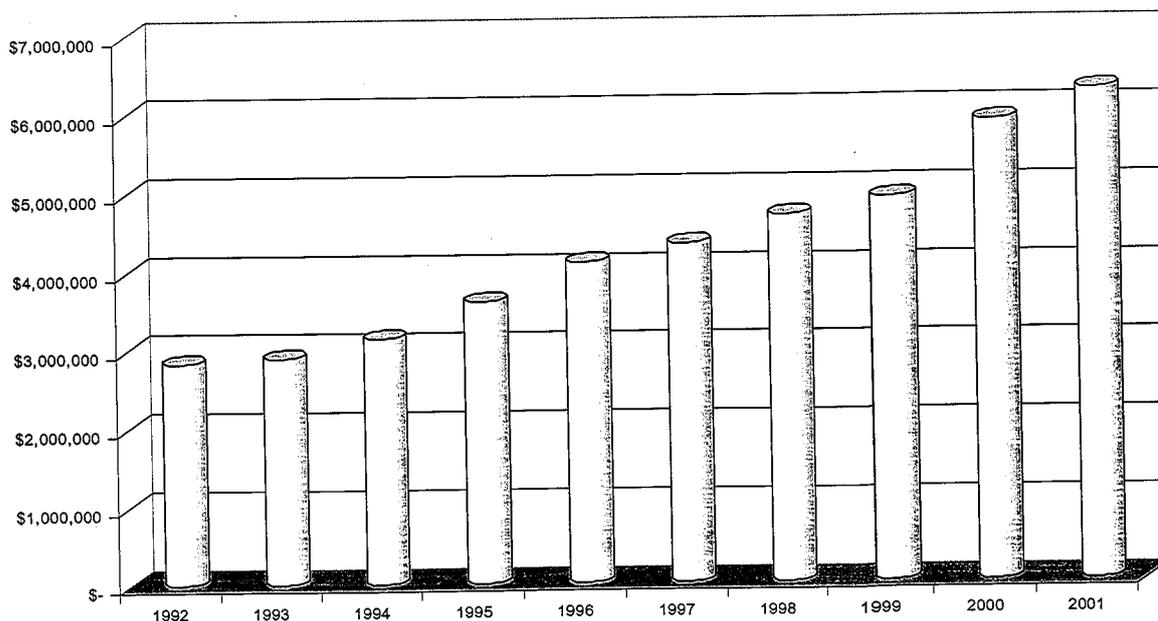


The second largest revenue source for the City is property tax. A 10 year summary of property tax is as follows:

<u>Fiscal Year</u>	<u>Property Tax Revenue</u>	<u>Percent of Increase (Decrease) from Previous Year</u>	<u>Total General and Special Revenue Funds</u>	<u>Percent of Total Revenue</u>
1992	\$ 2,828,634	8.28 %	\$ 29,296,953	9.66 %
1993	2,898,359	2.46	33,242,097	8.72
1994	3,143,179	8.45	41,672,127	7.54
1995	3,605,798	14.72	49,595,510	7.27
1996	4,098,804	13.67	51,328,047	7.99
1997	4,328,109	5.59	55,949,958	7.74
1998	4,692,628	8.42	57,316,109	8.19
1999	4,913,040	4.70	61,101,145	8.04
2000	5,883,800	19.76	64,906,808	9.06
2001	\$ 6,272,127	6.60 %	\$ 67,109,315 66,858,011	9.35 %

The City's property tax is 6 1/2 mills for general governmental use. Property tax revenue increased 6.6% over FY 2000.

PROPERTY TAX REVENUE
FY 1992 TO FY 2001

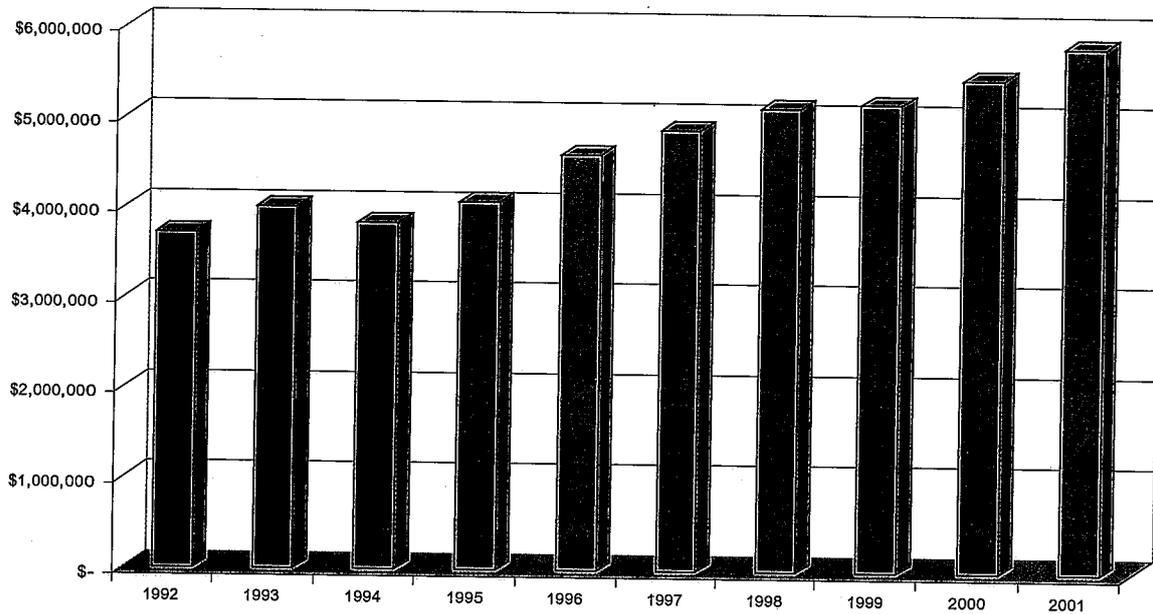


Business licenses, which are generally based on gross receipts, have historically been one of the three largest revenue sources for the City. In FY 2001, it represented 8.67% of total revenue. The following is a summary of business license revenue for the past decade:

<u>Fiscal Year</u>	<u>Business License Revenue</u>	<u>Percent of Increase (Decrease) from Previous Year</u>	<u>Total General and Special Revenue Funds</u>	<u>Percent of Total Revenue</u>
1992	\$ 3,718,290	3.81 %	\$ 29,296,953	12.69 %
1993	4,002,574	7.65	33,242,097	12.04
1994	3,840,450	(4.05)	41,672,127	9.22
1995	4,074,618	6.10	49,595,510	8.22
1996	4,604,849	13.01	51,328,047	8.97
1997	4,876,540	5.90	55,949,958	8.72
1998	5,130,782	5.21	57,316,109	8.95
1999	5,179,137	0.94	61,101,145	8.48
2000	5,459,851	5.42	64,906,808	8.41
2001	\$ 5,815,325	6.51 %	\$ 67,109,315 <i>66,858,011</i>	8.67 %

For FY 2001, business license revenue increased 6.51% over FY 2000.

BUSINESS LICENSE REVENUE
FY 1992 TO FY 2001

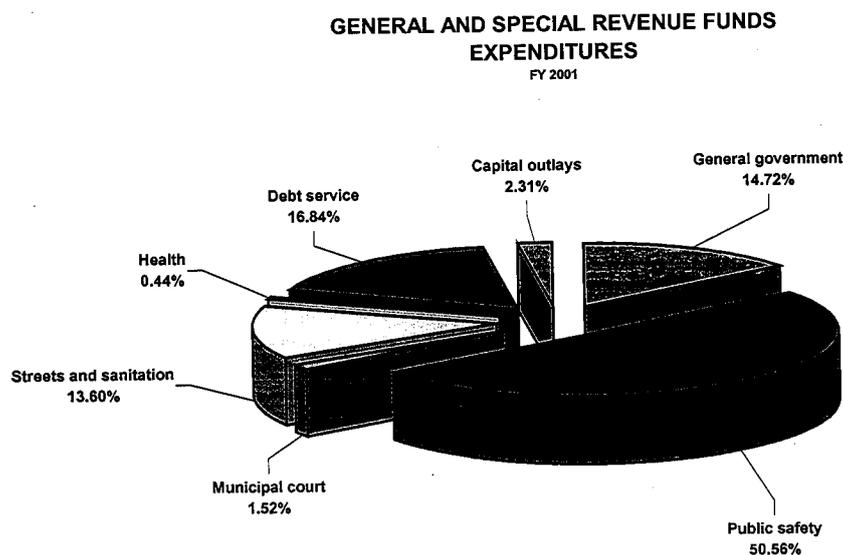


GENERAL GOVERNMENT RESULTS: EXPENDITURES

The following schedule presents a summary of expenditures for the General Fund and Special Revenue Funds for the fiscal year ended September 30, 2001, with percentage of increase (decrease) in relation to prior year amounts:

Expenditures	FY 2001 Amount	Percent of Total	FY 2000 Amount	FY 2001 Increase (Decrease) From FY 2000	Percent of Increase (Decrease)
Current operations					
General government	\$ 7,013,544	14.72 %	\$ 6,827,397	\$ 186,147	2.73 %
Public safety	24,094,085	50.56	22,712,832	1,381,253	6.08
Municipal court	722,358	1.52	622,070	100,288	16.12
Streets and sanitation	6,482,281	13.60	6,536,354	(54,073)	(0.83)
Health	211,910	0.44	211,910	-	-
Capital outlays	1,101,097	2.31	2,102,609	(1,001,512)	(47.63)
Debt service					
Principal	3,225,000	6.77	3,183,550	41,450	1.30
Interest	4,801,722	10.08	3,012,348	1,789,374	59.40
Total debt service	8,026,722	16.84	6,195,898	1,830,824	29.55
Total	\$ 47,651,997	116.84 %	\$ 45,209,070	\$ 2,442,927	5.40 %

Overall, for fiscal 2001, expenditures increased by \$2,442,927, or 5.40% over fiscal 2000. Additional debt service for warrants that were issued to finance capital projects comprised the major part of this increase. Below is a chart that illustrates the breakdown by category for fiscal 2001 expenditures.

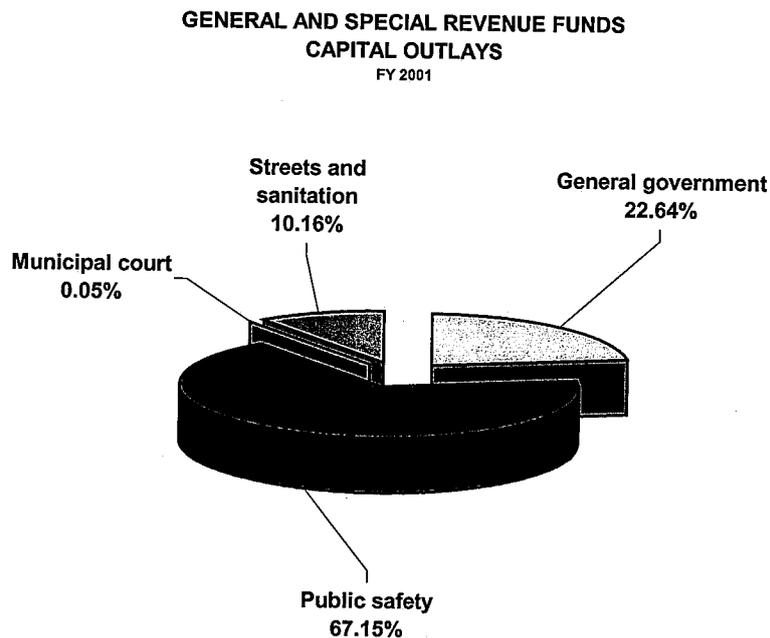


Capital outlays for general and special revenue funds totaled \$1,101,097. A breakdown of capital outlays by functional area is shown below:

	<u>Construction and Infrastructure</u>	<u>Vehicles</u>	<u>Furniture and Equipment</u>	<u>Total</u>
General government	\$ 46,875	\$ -	\$ 202,388	\$ 249,263
Public safety				
Police	-	334,882	80,226	415,108
Fire	-	178,675	145,657	324,332
Inspection	-	-	-	-
Total public safety	<u>-</u>	<u>513,557</u>	<u>225,883</u>	<u>739,440</u>
Municipal court	-	-	570	570
Streets and sanitation	<u>-</u>	<u>68,783</u>	<u>43,041</u>	<u>111,824</u>
Total	<u>\$ 46,875</u>	<u>\$ 582,340</u>	<u>\$ 471,882</u>	<u>\$ 1,101,097</u>

Construction and infrastructure comprise a very small part of general and special revenue fund expenditures. Major construction and infrastructure projects are financed through the capital project funds, which are not included in the numbers depicted here. Generally, capital outlays from the General and Special Revenue Funds consist of recurring capital items, as opposed to non-recurring capital items.

Below is a chart that illustrates capital outlays from the general and special revenue funds by category:



FINANCIAL MANAGEMENT

INTERNAL CONTROLS

Responsibility for establishing and maintaining an internal control structure rests with management. The internal control structure is designed to ensure that the assets of the Government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. In addition, the internal control structure is designed to provide reasonable, 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.

As a recipient of federal, state, and local financial assistance, the Government is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management.

BUDGETARY CONTROLS

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the general fund, special revenue funds, component unit funds (library and parks & recreation only), and the sewer enterprise fund are included in the annual appropriated budget. Project length financial plans are adopted for the capital projects funds. 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, and capital expenditures. The budget was amended several times during the year. Encumbrance accounting is employed during the year, but appropriations automatically lapse at year-end.

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, an agent multiple-employer retirement system that acts as a common investment and administrative agent for state employees and public organizations. The City's annual actuarial valuation reflects a positive trend in the City's and employees' funding of the pension fund.

DEBT ADMINISTRATION

As of the fiscal year ending 2001, the City had a number of debt issues outstanding. These issues included general obligation warrants totaling \$79,935,000. The Sewer Enterprise Fund has general obligation warrants totaling \$17,770,000. The City has a credit rating of Aa3 from Moody's Investors Service and an AA- rating from Standard and Poor's Corporation.

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 thirty basis points above the current interest rate on ninety day Treasury Bills, which change weekly. 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 2001 was 6.91%.

All U.S. Government Agency securities are held in safekeeping by a third party bank.

RISK MANAGEMENT

The City has a limited self-insurance retention plan, using a professional claims handler to account for its uninsured risks of loss. All insurance coverage, except workers compensation, is carried with a retention of \$50,000 per occurrence. The aggregate retention on all claims is \$675,000 over a two-year period. Excess insurance is provided for catastrophic events.

The City contracts with a professional claims handler firm to supervise and pay workers compensation claims from a fund provided by the City. Since benefits may be statutory, an excess policy provides coverage for individual claims over \$275,000 and for aggregate claims over \$1,218,800 over a two-year period.

PROPRIETARY OPERATIONS

The City's only enterprise fund is the Sewer Enterprise Fund, which accounts for the operations of the Riverchase and Inverness waste water treatment plants. The City's only internal service fund is the Fleet Services Fund.

The plant and plant additions have been charged as assets in the Sewer Enterprise Fund with a corresponding credit to contributed capital from other funds. The Inverness waste water treatment plant, land and equipment were contributed to the City by the developer of Inverness in connection with the annexation of the commercial portion of Inverness. The plant, land, and equipment have been charged as assets in the Sewer Enterprise Fund with a corresponding credit to contributed capital from developers.

The Sewer Enterprise Fund incurred a gain in the amount of \$317,250 in fiscal 2000 and a gain of \$28,543 for fiscal 2001. The net cash that was provided by operating activities totaled \$595,676 in fiscal 2000 and \$926,506 in fiscal 2001. The Sewer Enterprise Fund equity, including contributed capital, was \$5,965,858 at September 30, 2001.

The Fleet Services Fund incurred a gain in the amount of \$79,454 for fiscal 2000 and a loss in the amount of \$18,525 for fiscal 2001. The net cash that was provided by operating activities totaled \$108,405 in fiscal 2000 and \$25,000 in fiscal 2001.

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, 2000. This was the nineteenth 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, Mackle, Splawn, Tindall & McDonald, LLP. 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, 2000

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.

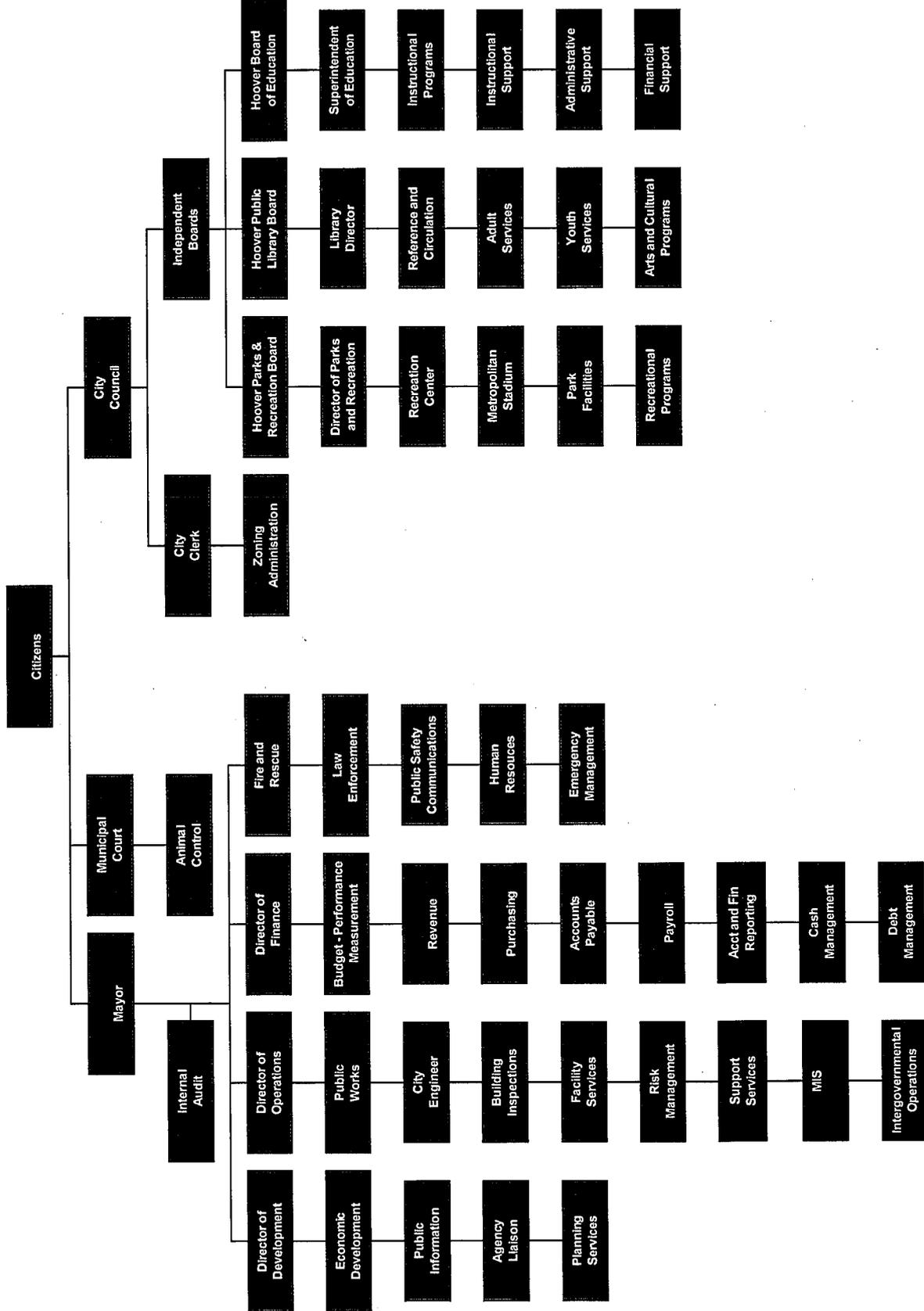


Thomas A. Crave
President

Jeffrey L. Esler
Executive Director

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City of Hoover, Alabama
 Organization Chart
 Fiscal Year 2001



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OFFICIALS FOR THE CITY OF HOOVER, ALABAMA

September 30, 2001

ELECTED OFFICIALS

Mayor

Barbara B. McCollum

Council President

Robert Austin

Council President Pro Tempore

Donna Mazur

Council Member

Kyle Forstman

Council Member

Jody Patterson

Council Member

Jack Wright

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FINANCIAL SECTION

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**Mackle
Splawn
Tindall &
McDonald, LLP**
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of Hoover, Alabama, and the combining, individual fund and account group financial statements of the City of Hoover, Alabama as of and for the year ended September 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Hoover, Alabama. 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 general purpose 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Hoover, Alabama, as of September 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining, individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups for the City of Hoover, Alabama, at September 30, 2001, and the results of operations of such funds and the cash flows of the proprietary funds 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 January 18, 2002, on our consideration of the City of Hoover, Alabama's internal control over financial reporting and on 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.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund and account group financial statements. The accompanying financial information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Hoover, Alabama. The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account groups, taken as a whole.

Machle, Splawn, Tindall & McDonald, LLP

January 18, 2002

**GENERAL PURPOSE FINANCIAL
STATEMENTS**

THE CITY OF HOOVER, ALABAMA
Combined Balance Sheet
All Fund Types, Account Groups and
Discretely Presented Component Units
September 30, 2001

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
				<u>Sewer</u>	<u>Fleet Services</u>
Assets and other debits					
Assets					
Pooled cash and investments	\$ 19,062,785	\$ 2,968,404	\$ 11,504,101	\$ 0	\$ 100
Receivables					
Taxes	3,732,955	0	0	0	0
Accounts	356,298	0	339,037	195,176	0
Due from other governments					
County	599,352	0	0	0	0
State	0	53,640	0	0	0
Federal	0	63,172	0	2,166,533	0
Due from other funds	12,721	0	0	691,515	0
Due from other funds - component units	0	0	0	0	0
Inventory	0	0	0	0	29,699
Prepaid insurance	32,896	0	0	0	0
Prepaid, other	0	0	0	0	0
Fixed assets (net, where applicable, of accumulated depreciation)	0	0	0	22,643,052	116,061
Non-current receivable	961,155	0	0	0	0
Other assets	0	0	0	258,113	0
Other debits					
Amount to be provided for retirement of general long- term debt	0	0	0	0	0
Total assets and other debits	<u>\$ 24,758,162</u>	<u>\$ 3,085,216</u>	<u>\$ 11,843,138</u>	<u>\$ 25,954,389</u>	<u>\$ 145,860</u>
Liabilities, equity and other credits					
Liabilities					
Bank overdraft	\$ 0	\$ 6,765	\$ 206,403	\$ 781,456	\$ 0
Accounts payable and accrued liabilities	3,681,364	49,382	769,375	745,560	16,917
Claims and judgments payable	0	0	0	0	0
Due to other funds	0	0	0	691,515	12,721
Due to other funds - component units	0	0	0	0	0
Notes and capital leases payable	0	0	0	0	0
General obligation warrants payable	0	0	0	17,770,000	0
Refundable deposits	1,774	0	0	0	0
Accrued compensated leave	0	0	0	0	0
Total liabilities	<u>3,683,138</u>	<u>56,147</u>	<u>975,778</u>	<u>19,988,531</u>	<u>29,638</u>
Equity and other credits					
Investment in general fixed assets	0	0	0	0	0
Contributed capital	0	0	0	8,927,227	45,579
Retained earnings (deficit)	0	0	0	(2,961,369)	70,643
Fund balances					
Reserved for prepaid items	32,896	0	0	0	0
Reserved for inventory	0	0	0	0	0
Reserved for capital outlay	0	0	0	0	0
Reserved for encumbrances	0	0	0	0	0
Reserved for non-current receivables	961,155	0	0	0	0
Unreserved, undesignated	20,080,973	3,029,069	10,867,360	0	0
Total equity and other credits	<u>21,075,024</u>	<u>3,029,069</u>	<u>10,867,360</u>	<u>5,965,858</u>	<u>116,222</u>
Total liabilities, equity and other credits	<u>\$ 24,758,162</u>	<u>\$ 3,085,216</u>	<u>\$ 11,843,138</u>	<u>\$ 25,954,389</u>	<u>\$ 145,860</u>

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

Account Groups		Totals (Memorandum Only)	Component Units	Totals (Memorandum Only)
General Fixed Assets	General Long-term Debt	Primary Government		Reporting Entity
\$ 0	\$ 0	\$ 33,535,390	\$ 71,986,228	\$ 105,521,618
0	0	3,732,955	0	3,732,955
0	0	890,511	56,108	946,619
0	0	599,352	1,962,054	2,561,406
0	0	53,640	258,303	311,943
0	0	2,229,705	0	2,229,705
0	0	704,236	0	704,236
0	0	0	34,346,289	34,346,289
0	0	29,699	177,116	206,815
0	0	32,896	0	32,896
0	0	0	6,227	6,227
45,611,237	0	68,370,350	259,604,453	327,974,803
0	0	961,155	0	961,155
0	0	258,113	0	258,113
0	84,853,439	84,853,439	162,661,988	247,515,427
<u>\$ 45,611,237</u>	<u>\$ 84,853,439</u>	<u>\$ 196,251,441</u>	<u>\$ 531,058,766</u>	<u>\$ 727,310,207</u>
\$ 0	\$ 0	\$ 994,624	\$ 0	\$ 994,624
0	0	5,262,598	6,402,056	11,664,654
0	508,634	508,634	0	508,634
0	0	704,236	0	704,236
0	0	0	34,346,289	34,346,289
0	0	0	2,806,988	2,806,988
0	79,935,000	97,705,000	159,855,000	257,560,000
0	0	1,774	0	1,774
0	4,409,805	4,409,805	0	4,409,805
0	<u>84,853,439</u>	<u>109,586,671</u>	<u>203,410,333</u>	<u>312,997,004</u>
45,611,237	0	45,611,237	259,604,453	305,215,690
0	0	8,972,806	0	8,972,806
0	0	(2,890,726)	0	(2,890,726)
0	0	32,896	6,227	39,123
0	0	0	177,116	177,116
0	0	0	34,350,965	34,350,965
0	0	0	1,616,098	1,616,098
0	0	961,155	0	961,155
0	0	33,977,402	31,893,574	65,870,976
<u>45,611,237</u>	<u>0</u>	<u>86,664,770</u>	<u>327,648,433</u>	<u>414,313,203</u>
<u>\$ 45,611,237</u>	<u>\$ 84,853,439</u>	<u>\$ 196,251,441</u>	<u>\$ 531,058,766</u>	<u>\$ 727,310,207</u>

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

THE CITY OF HOOVER, ALABAMA
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types and Discretely Presented Components Units
For the Fiscal Year Ended September 30, 2001

	Governmental Fund Types			Totals (Memorandum Only) Primary Government
	General	Special Revenue	Capital Projects	
Revenues				
Taxes	\$ 49,904,277	\$ 0	\$ 0	\$ 49,904,277
Licenses and permits	9,351,131	0	0	9,351,131
Intergovernmental	1,803,864	818,871	631,406	3,254,141
Fines and forfeits	969,390	249,918	0	1,219,308
Investment income	2,274,684	246,736	499,403	3,020,823
Stadium lease	0	0	0	0
Other	29,188	0	750,000	779,188
Charges for services	257,521	952,431	0	1,209,952
Total revenues	<u>64,590,055</u>	<u>2,267,956</u>	<u>1,880,809</u>	<u>68,738,820</u>
Expenditures				
Current operations				
General government	6,953,932	59,612	10,215	7,023,759
Public safety	23,466,694	627,391	0	24,094,085
Municipal court	716,982	5,376	0	722,358
Streets and sanitation	6,001,617	480,664	46,650	6,528,931
Recreation	0	0	299,377	299,377
Library	0	0	59,570	59,570
Health	211,910	0	0	211,910
Instructional services	0	0	0	0
Instructional support services	0	0	0	0
Operation and maintenance	0	0	0	0
Auxiliary services	0	0	0	0
Other	0	0	0	0
Total	<u>37,351,135</u>	<u>1,173,043</u>	<u>567,211</u>	<u>39,091,389</u>
Capital outlays	927,652	173,445	11,006,355	12,107,452
Debt service				
Principal	3,225,000	0	0	3,225,000
Interest and fiscal charges	4,801,722	0	0	4,801,722
Total expenditures	<u>46,305,509</u>	<u>1,346,488</u>	<u>11,573,566</u>	<u>59,225,563</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,284,546</u>	<u>921,468</u>	<u>(9,692,757)</u>	<u>9,513,257</u>
Other financing sources (uses)				
Operating transfers in	1,257,805	417,744	7,152,157	8,827,706
Operating transfers out	(8,824,733)	0	(2,973)	(8,827,706)
Operating transfers in - primary government	0	0	0	0
Operating transfers out - component units	(13,288,665)	0	(6,419,513)	(19,708,178)
Proceeds from issuance of debt	0	0	0	0
Total other financing sources (uses)	<u>(20,855,593)</u>	<u>417,744</u>	<u>729,671</u>	<u>(19,708,178)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,571,047)</u>	<u>1,339,212</u>	<u>(8,963,086)</u>	<u>(10,194,921)</u>
Fund balances, beginning of year, as previously reported	31,420,627	1,689,857	15,072,918	48,183,402
Adjustment of fund balances (Note 4)	<u>(7,774,556)</u>	<u>0</u>	<u>4,757,528</u>	<u>(3,017,028)</u>
Fund balance as restated	<u>23,646,071</u>	<u>1,689,857</u>	<u>19,830,446</u>	<u>45,166,374</u>
Fund Balances, end of year	<u>\$ 21,075,024</u>	<u>\$ 3,029,069</u>	<u>\$ 10,867,360</u>	<u>\$ 34,971,453</u>

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

Component Units	Totals (Memorandum Only) Reporting Entity
\$ 0	\$ 49,904,277
560,579	9,911,710
94,633,328	97,887,469
80,017	1,299,325
2,673	3,023,496
218,322	218,322
1,523,580	2,302,768
0	1,209,952
<u>97,018,499</u>	<u>165,757,319</u>
2,715,101	9,738,860
0	24,094,085
0	722,358
0	6,528,931
4,057,333	4,356,710
3,241,499	3,301,069
0	211,910
43,975,639	43,975,639
10,059,599	10,059,599
9,094,114	9,094,114
8,590,022	8,590,022
<u>2,392,192</u>	<u>2,543,591</u>
84,125,499	123,216,888
32,223,432	44,330,884
62,759,385	65,984,385
<u>7,789,675</u>	<u>12,591,397</u>
<u>186,897,991</u>	<u>246,123,554</u>
<u>(89,879,492)</u>	<u>(80,366,235)</u>
0	8,827,706
0	(8,827,706)
19,708,178	19,708,178
0	(19,708,178)
90,009,028	90,009,028
<u>109,717,206</u>	<u>90,009,028</u>
<u>19,837,714</u>	<u>9,642,793</u>
48,206,266	96,389,668
0	(3,017,028)
<u>48,206,266</u>	<u>93,372,640</u>
\$ <u>68,043,980</u>	\$ <u>103,015,433</u>

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

THE CITY OF HOOVER, ALABAMA
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General and Special Revenue Funds
For the Fiscal Year Ended September 30, 2001

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 48,140,782	\$ 49,904,277	\$ 1,763,495
Licenses and permits	9,228,500	9,351,131	122,631
Intergovernmental	1,450,500	1,803,864	353,364
Fines and forfeits	1,225,000	969,390	(255,610)
Investment income	1,508,300	2,274,684	766,384
Other	363,700	286,709	(76,991)
Total revenues	<u>61,916,782</u>	<u>64,590,055</u>	<u>2,673,273</u>
Expenditures			
Current operations			
General government	8,141,147	6,953,932	1,187,215
Public safety	23,282,372	23,466,694	(184,322)
Municipal court	712,684	716,982	(4,298)
Streets and sanitation	6,232,487	6,001,617	230,870
Health	257,500	211,910	45,590
Total	<u>38,626,190</u>	<u>37,351,135</u>	<u>1,275,055</u>
Capital outlays	1,097,161	927,652	169,509
Debt service			
Principal	3,225,000	3,225,000	0
Interest and fiscal charges	4,798,317	4,801,722	(3,405)
Total expenditures	<u>47,746,668</u>	<u>46,305,509</u>	<u>1,441,159</u>
Excess of revenues over expenditures	<u>14,170,114</u>	<u>18,284,546</u>	<u>4,114,432</u>
Other financing sources (uses)			
Operating transfers in	0	1,257,805	1,257,805
Operating transfers out	0	(8,824,733)	(8,824,733)
Operating transfers in - primary government	0	0	0
Operating transfers out - component units	(13,684,072)	(13,288,665)	395,407
Proceeds of general obligation warrants, notes payable	0	0	0
Payment to refunding warrant escrow agent	0	0	0
Total other financing sources (uses)	<u>(13,684,072)</u>	<u>(20,855,593)</u>	<u>(7,171,521)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 486,042</u>	<u>(2,571,047)</u>	<u>\$ (3,057,089)</u>
Fund balances, beginning of year, as previously stated		31,420,627	
Adjustment of fund balances (Note 4)		<u>(7,774,556)</u>	
Fund balances, as restated		<u>23,646,071</u>	
Fund Balances, end of year		<u>\$ 21,075,024</u>	

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

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 0	\$ 0	\$ 0
0	0	0
1,033,000	818,871	(214,129)
250,000	249,918	(82)
225,500	246,736	21,236
880,000	952,431	72,431
<u>2,388,500</u>	<u>2,267,956</u>	<u>(120,544)</u>
58,500	59,612	(1,112)
639,955	627,391	12,564
0	5,376	(5,376)
700,000	480,664	219,336
0	0	0
<u>1,398,455</u>	<u>1,173,043</u>	<u>225,412</u>
233,000	173,445	59,555
0	0	0
0	0	0
<u>1,631,455</u>	<u>1,346,488</u>	<u>284,967</u>
<u>757,045</u>	<u>921,468</u>	<u>164,423</u>
0	417,744	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
<u>0</u>	<u>417,744</u>	<u>0</u>
<u>\$ 757,045</u>	<u>1,339,212</u>	<u>\$ 164,423</u>
	1,689,857	
	0	
	<u>1,689,857</u>	
	<u>\$ 3,029,069</u>	

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

THE CITY OF HOOVER, ALABAMA
Combined Statement of Revenues, Expenses and Changes in
Retained Earnings - All Proprietary Fund Types
For the Fiscal Year Ended September 30, 2001

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	
Operating revenues			
Charges for services	\$ 1,854,584	\$ 441,898	\$ 2,296,482
Operating expenses			
Management fees	455,550	0	455,550
Depreciation	407,059	42,859	449,918
Personal services	72,275	328,495	400,770
Repairs and maintenance	217,362	0	217,362
Utilities	213,912	11,812	225,724
Supplies	102,460	43,669	146,129
Collection fees	63,198	0	63,198
Engineering fees	278,179	0	278,179
Telephone	11,418	2,948	14,366
Insurance	0	26,680	26,680
Travel	0	3,570	3,570
Miscellaneous	0	390	390
Total operating expenses	<u>1,821,413</u>	<u>460,423</u>	<u>2,281,836</u>
Operating income (loss)	<u>33,171</u>	<u>(18,525)</u>	<u>14,646</u>
Non-operating revenue (expenses)			
Investment income	10,935	0	10,935
Fiscal charges	(15,563)	0	(15,563)
Total non-operating revenue (expenses)	<u>(4,628)</u>	<u>0</u>	<u>(4,628)</u>
Net income (loss)	28,543	(18,525)	10,018
Retained earnings (deficit), beginning of year	<u>(2,989,912)</u>	<u>89,168</u>	<u>(2,900,744)</u>
Retained earnings (deficit), end of year	<u>\$ (2,961,369)</u>	<u>\$ 70,643</u>	<u>\$ (2,890,726)</u>

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

THE CITY OF HOOVER, ALABAMA
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended September 30, 2001

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	
Cash flows from operating activities			
Cash received from customers	\$ 1,845,660	\$ 441,898	\$ 2,287,558
Cash payments to suppliers	(394,327)	(91,859)	(486,186)
Cash payments to management companies	(455,550)	0	(455,550)
Cash payments to employees	(69,277)	(325,039)	(394,316)
Net cash provided by operating activities	<u>926,506</u>	<u>25,000</u>	<u>951,506</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(8,127,031)	(25,000)	(8,152,031)
Capital contributed by consumers	204,743	0	204,743
Proceeds from warrants	7,044,615	0	7,044,615
Payments of warrants	(300,000)	0	(300,000)
Increase in bank overdraft	781,456	0	781,456
Loans from other funds	(596,388)	0	(596,388)
Net cash (used) by capital and related financing activities	<u>(992,605)</u>	<u>(25,000)</u>	<u>(1,017,605)</u>
Cash flows from investing activities			
Investment income	10,935	0	10,935
Net cash provided by investing activities	<u>10,935</u>	<u>0</u>	<u>10,935</u>
Net increase (decrease) in pooled cash and investments	(55,164)	0	(55,164)
Pooled cash and investments, beginning of year	55,164	100	55,264
Pooled cash and investments, end of year	<u>\$ 0</u>	<u>\$ 100</u>	<u>\$ 100</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income	\$ 33,171	\$ (18,525)	\$ 14,646
Adjustments to reconcile operating loss to net cash provided (used) by operating activities			
Depreciation and amortization	407,059	42,859	449,918
Change in assets and liabilities			
(Increase) in accounts receivable	(3,925)	0	(3,925)
(Increase) decrease in inventory	0	(3,522)	(3,522)
Increase (decrease) in accrued expenses	2,999	3,456	6,455
Increase (decrease) in refundable deposits	(5,000)	0	(5,000)
Increase (decrease) in accounts payable	492,202	732	492,934
Net cash provided by operating activities	<u>\$ 926,506</u>	<u>\$ 25,000</u>	<u>\$ 951,506</u>

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

THE CITY OF HOOVER, ALABAMA
Combined Statement of Cash Flows (Continued)
All Proprietary Fund Types
For the Fiscal Year Ended September 30, 2001

Noncash Investing, Capital and Financing Activities

Enterprise Fund:

Net proceeds from the sale of warrants in 2000 in the amount of \$9,200,000 were retained by the State of Alabama. The proceeds are transferred to the City as construction expenditures are incurred.

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

NOTES TO THE FINANCIAL STATEMENTS

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**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 1: Summary of significant accounting policies

A. Reporting Entity

The City of Hoover, Alabama (the City) is a municipal corporation that was formed on May 18, 1967, and is governed by a Mayor and a five member City Council. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City. The discretely presented component units all have September 30 fiscal year ends.

Discretely Presented Component Units

The Hoover City Board of Education (the Board of Education) is responsible for elementary and secondary education within the City. The school system is governed by a board, which is appointed by the City Council, and there is a potential for the Board of Education to provide specific financial benefits to, or to impose specific financial burdens on the City. The Board of Education is presented as a governmental fund type.

The Public Parks and Recreation Board of the City of Hoover (the Parks and Recreation Board) is responsible for maintaining and operating public parks and other recreational facilities within the City. The parks and recreation system is governed by a board, which is appointed by the City Council, and there is a potential for the Parks and Recreation Board to provide specific financial benefits to, or to impose specific financial burdens on the City. The Parks and Recreation Board is presented as a governmental fund type.

The City of Hoover Public Library Board (the Library Board) is responsible for operating the Hoover Public Library. The Library is governed by a board, which is appointed by the City Council, and there is a potential for the Library Board to provide specific financial benefits to, or to impose specific financial burdens on the City. The Library Board is presented as a governmental fund type.

Financial statements for the Board of Education may be obtained from its administrative office at the following address:

Hoover City Board of Education
100 Municipal Drive
Suite 200
Hoover, Alabama 35216

Financial statements for the Library Board may be obtained from its administrative office at the following address:

Hoover Public Library
200 Municipal Drive
Hoover, Alabama 35216

Separate financial statements are not prepared by the Park and Recreation Board.

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 1: Summary of significant accounting policies (continued)

A. Reporting Entity (continued)

Condensed Financial Statements are presented in the following table for each of the discretely presented component units:

Balance Sheets

	<u>Board of Education</u>	<u>Parks and Recreation Board</u>	<u>Library Board</u>	<u>Totals</u>
Assets and other debits:				
Current assets	\$ 108,475,516	\$ 266,362	\$ 50,447	\$ 108,792,325
Fixed assets	200,540,713	47,495,979	11,567,761	259,604,453
Amount to be provided for retirement of general long-term debt	<u>162,661,988</u>	<u>0</u>	<u>0</u>	<u>162,661,988</u>
Total assets and other debits	<u>\$ 471,678,217</u>	<u>\$ 47,762,341</u>	<u>\$ 11,618,208</u>	<u>\$ 531,058,766</u>
Liabilities:				
Current liabilities	\$ 40,502,193	\$ 128,855	\$ 117,297	\$ 40,748,345
Long-term liabilities	<u>162,661,988</u>	<u>0</u>	<u>0</u>	<u>162,661,988</u>
Total liabilities	<u>203,164,181</u>	<u>128,855</u>	<u>117,297</u>	<u>203,410,333</u>
Equity:				
Investment in general fixed assets	200,540,713	47,495,979	11,567,761	259,604,453
Fund balances	<u>67,973,323</u>	<u>137,507</u>	<u>(66,850)</u>	<u>68,043,980</u>
Total equity	<u>268,514,036</u>	<u>47,633,486</u>	<u>11,500,911</u>	<u>327,648,433</u>
Total liabilities and equity	<u>\$ 471,678,217</u>	<u>\$ 47,762,341</u>	<u>\$ 11,618,208</u>	<u>\$ 531,058,766</u>

Statement of Revenues, Expenditures and Changes in Fund Balances

Revenues	\$ 95,513,469	\$ 1,132,945	\$ 372,085	\$ 97,018,499
Expenditures				
Current operations	76,826,667	4,057,333	3,241,499	84,125,499
Capital outlays	26,940,496	3,039,299	2,243,637	32,223,432
Debt service	<u>70,549,060</u>	<u>0</u>	<u>0</u>	<u>70,549,060</u>
Total expenditures	<u>174,316,223</u>	<u>7,096,632</u>	<u>5,485,136</u>	<u>186,897,991</u>
Other financing sources				
Proceeds from borrowings	90,009,028	0	0	90,009,028
Operating transfers in - primary government	<u>8,754,896</u>	<u>5,941,287</u>	<u>5,011,995</u>	<u>19,708,178</u>
Total other financing sources	<u>98,763,924</u>	<u>5,941,287</u>	<u>5,011,995</u>	<u>109,717,206</u>
Revenues and other financing sources over (under) expenditures	19,961,170	(22,400)	(101,056)	19,837,714
Fund balances - beginning of year	<u>48,012,153</u>	<u>159,907</u>	<u>34,206</u>	<u>48,206,266</u>
Fund balances (deficit), - end of year	<u>\$ 67,973,323</u>	<u>\$ 137,507</u>	<u>\$ (66,850)</u>	<u>\$ 68,043,980</u>

THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 1: Summary of significant accounting policies (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the City (City encompasses both the primary government and the component units) are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device used to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The City has the following fund types and account groups:

Governmental Funds:

Governmental funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "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 pay liabilities of the current period. The City considers all revenues available if they are collected within sixty (60) days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due.

Property taxes, fines and forfeits, taxpayer-assessed revenues, interest revenues and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

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

Capital Projects Funds - The Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 1: Summary of significant accounting policies (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

Proprietary Funds:

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, in accounting and reporting for its proprietary operations. As allowed by the Governmental Accounting Standards Board (GASB), the City has elected not to apply FASB pronouncements issued after November 30, 1989. The City's proprietary funds are of the following fund types:

Enterprise Fund - The Enterprise Fund is used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal Service Fund - The Internal Service Fund is established to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Account Groups:

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for fixed assets not accounted for in the proprietary funds.

General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to account for unmatured long-term indebtedness, which is backed by the full faith and credit of the City and the non-current portion of other long-term obligations of governmental funds.

C. Assets, Liabilities and Equity

1. 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 earned is allocated to each fund based on the balances of each fund's pooled cash and investments. It is the primary government's policy to prohibit individual funds from making disbursements in excess of their balance in the pooled cash and investments account.

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

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 1: Summary of significant accounting policies (continued)

C. Assets, Liabilities and Equity (continued)

1. Deposits and investments (continued)

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 funds investment accounts.

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 funds 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 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.

	Category			Fair Value
	1	2	3	
U.S. Government Agency Securities	\$ <u>0</u>	\$ <u>13,850,113</u>	\$ <u>0</u>	\$ <u>13,850,113</u>

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.

2. Receivables and payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/payable" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 1: Summary of significant accounting policies (continued)

C. Assets, Liabilities and Equity (continued)

2. Receivables and payables (continued)

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not current financial resources.

Property values are assessed and property taxes are collected by Jefferson and Shelby Counties and remitted on a semi-monthly basis. 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.

3. Inventories and prepaid items

Inventory in the proprietary funds are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased.

The Board of Education inventories are recorded as expenditures when purchased except commodities donated by the federal government and purchased food items which are expensed when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items.

4. Fixed assets

Fixed assets used in governmental fund types of the City are recorded in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated. Construction interest is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other immovable assets of value only to the government) are not included in the General Fixed Assets Account Group.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the General Fixed Assets Account Group or capitalized in the proprietary funds.

Property, plant and equipment in the proprietary funds of the City are recorded at cost. Property, plant and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 1: Summary of significant accounting policies (continued)

C. Assets, Liabilities and Equity (continued)

4. Fixed assets (continued)

Major outlays for capital assets and improvements are capitalized in the proprietary funds as projects are constructed. Interest incurred during the construction phase of the proprietary funds fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment are depreciated in the Enterprise Fund and the Internal Service Fund of the City using the straight-line method over the assets' estimated useful lives. The estimated useful lives of the waste water treatment plants and equipment in the Enterprise Fund are fifteen years and seven years, respectively. The estimated useful lives of the equipment in the Internal Service Fund are five years.

5. Accrued compensated leave

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued when incurred in the proprietary funds and reported as a fund liability. 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. The accrued compensated leave liability related to the general fund is in the General Long-Term Debt Account Group because it is not expected to be liquidated with current financial resources. Related payroll taxes are included in the accrued compensated leave amount.

The Board of Education's professional and support personnel are provided five days of personal leave per year with pay. Because unused personal leave cannot be carried over to succeeding years, no liability for unpaid leave is accrued in the financial statements. Also, the professional and support employees earn nonvesting sick leave at the rate of one day per month worked. Employees may accumulate a maximum of 225 days of sick leave. Employees may use up to 225 days of their accrued sick leave as membership services in determining the total years of creditable service in the teacher's retirement system, with no additional cost to the Board. Because employees do not receive compensation for unused sick leave at termination, no liability is recorded on the financial statements. All twelve-month employees are allowed two weeks of vacation per year with pay. Up to 30 days of unused vacation leave can be carried over to succeeding years. However, because management has determined the carryover amounts to be immaterial, no liability for unpaid leave is accrued in the financial statements.

6. Long-term obligations

The City reports long-term debt of governmental funds at face value in the General Long-Term Debt Account Group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the General Long-Term Debt Account Group. Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in the appropriate fund.

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 1: Summary of significant accounting policies (continued)

C. Assets, Liabilities and Equity (continued)

6. Long-term obligations (continued)

For governmental fund types, warrant premiums and discounts, as well as issuance costs, are recognized during the current period. Warrant proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

7. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary funds' contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

8. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

9. Comparative Data

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations.

NOTE 2: Stewardship, compliance and accountability

A. 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 and for all special revenue funds. Project-length financial plans are adopted for capital projects funds, which have no legally adopted budgets. All annual appropriations lapse at fiscal year end.

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 2: Stewardship, compliance and accountability (continued)

A. 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, function and activity and includes annual information on the past year, current year 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 activity level. Management may not amend or transfer appropriations within the budget at or above the activity level without the approval of the City Council. The City Council may legally amend the budget at any time during the fiscal year.

The City Council made several supplemental budgetary appropriations throughout the year, the effects of which were not material. These supplemental appropriations are reflected in the budget information of these financial statements.

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

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 2: Stewardship, compliance and accountability (continued)

B. Excess of Expenditures Over Appropriations

The total amounts of expenditures (over) under appropriations for the year ended September 30, 2001, at the legal level of control (the activity level) in individual funds are as follows:

	General Fund	E-911 Fund	State Seven Cent Gasoline Fund	State Four and Five Cent Gasoline Tax Fund	CDBG Fund	Court and Corrections	Drug Enforcement	Expenditures (Over) Under Appropriations
Administration	\$ 1,187,215	\$ 0	\$ 0	\$ 0	\$ (161)	\$ 0	\$ (951)	\$ 1,186,103
Police	119,564	14,355	0	0	0	0	(1,791)	132,128
Fire	(336,006)	0	0	0	0	0	0	(336,006)
Inspection	32,120	0	0	0	0	0	0	32,120
Municipal court	(4,298)	0	0	0	0	(5,376)	0	(9,674)
Streets and sanitation	230,870	0	198,063	21,273	0	0	0	450,206
Health	45,590	0	0	0	0	0	0	45,590
	<u>\$ 1,275,055</u>	<u>\$ 14,355</u>	<u>\$ 198,063</u>	<u>\$ 21,273</u>	<u>\$ (161)</u>	<u>\$ (5,376)</u>	<u>\$ (2,742)</u>	<u>\$ 1,500,467</u>

The excess expenditures in the Court and Corrections Fund were due to unavoidable overtime related to the issuance of warrants and additional court security.

The CDBG Fund and Drug Enforcement Fund expenditures over appropriations shown above were funded by the available fund balance of the fund.

The excess of expenditures over appropriations in the General Fund can be accounted for as set forth below:

Fire - Salaries increased due to increased overtime and increased fuel and vehicle maintenance costs.

Municipal court - Overtime related to issuance of warrants and additional court security.

C. Retained earnings deficit

The Sewer Enterprise Fund, a proprietary fund used to account for the operations of the City's waste water treatment plants, has a retained earnings deficit of \$2,961,369 at September 30, 2001. However, the contributed capital totals \$8,927,227 because of capital contributed by the City, customers and developers resulting in a net fund equity of \$5,965,858 at September 30, 2001. The retained earnings deficit resulted mainly from a \$4,000,000 operating transfer to the General Fund during fiscal 1998 and an operating loss of \$467,855 for that year. Nevertheless, the Sewer Enterprise Fund had net cash provided by operating activities of \$926,506 and \$595,676 for fiscal years 2001 and 2000, respectively. The Fund will be subsidized by the General Fund should the need arise.

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 3: Detailed notes on all funds and account groups

A. Deposits and Investments

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, 2001, all of the City's depositories are participating in the SAFE program.

The bank balances of deposits for the Library Board, Park and Recreation Board, and the Hoover Board of Education were entirely covered by federal depository insurance or by the SAFE program as described above.

Investments are categorized into three categories of credit risk:

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

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

At September 30, 2001, the Board of Education's investment balances were as follows:

	Category			Carrying Amount	Fair Value
	1	2	3		
U.S. Treasury Bills and Notes	\$ 0	\$ 40,673,893	\$ 0	\$ 40,673,893	\$ 40,673,893

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

A reconciliation of cash and investments as shown on the Combined Balance Sheet for the Board of Education is as follows:

Carrying Amount of Deposits	\$ 31,051,634
Carrying Amount of Investments	40,673,893
Total Cash and Investments	<u>\$ 71,725,527</u>

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 3: Detailed notes on all funds and account groups (continued)

A. Deposits and Investments (continued)

A reconciliation of cash and investments, as shown on the combined balance sheet, all fund types, account groups and discretely presented component units, for the component units is as follows:

Board of Education	\$ 71,725,527
Park and Recreation Board	210,254
Library Board	50,447
Total cash and investments	<u>\$ 71,986,228</u>

B. Receivables

A summary of the items included in taxes receivable at September 30, 2001, is set forth below:

	<u>2001</u>
Gasoline tax	\$ 41,418
Sales and use tax	3,359,683
Beer, liquor and wine tax	122,308
Lease and rental tax	73,739
Lodging tax	45,319
Motor vehicle fees	90,488
Total	<u>\$ 3,732,955</u>

A summary of the items included in accounts receivable at September 30, 2001, is set forth below:

	<u>2001</u>
General Fund:	
Grants receivable	\$ 11,892
Interest receivable	179,928
Other	164,478
Total General Fund accounts receivable	<u>356,298</u>
Capital Projects Fund:	
Grants receivable	299,516
Board of Education construction charges	39,521
Total Capital Projects Fund accounts receivable	<u>339,037</u>
Sewer Enterprise Fund:	
Sewer service charges	195,176
Total accounts receivable – primary government	<u>890,511</u>
Park and Recreation Board:	
Stadium lease charges	56,108
Total accounts receivable	<u>\$ 946,619</u>

No significant uncollectible amounts are anticipated on these receivables.

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 3: Detailed notes on all funds and account groups (continued)

B. Receivables (continued)

The City also has recorded a noncurrent receivable as the 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.

C. Fixed assets

The following is a summary of changes in the General Fixed Assets Account Group during the year ended September 30, 2001:

	Balance October 1, 2000	Additions	Deductions	Balance September 30, 2001
Land	\$ 8,286,326	\$ 3,297,411	\$ 2,413	\$ 11,581,324
Buildings	14,077,239	4,013,730	32,309	18,058,660
Improvements other than buildings	1,287,654	85,927	22,649	1,350,932
Equipment and vehicles	17,060,177	1,197,084	3,636,940	14,620,321
Total	\$ 40,711,396	\$ 8,594,152	\$ 3,694,311	\$ 45,611,237

The following is a summary of proprietary fund type fixed assets for the City at September 30, 2001:

Sewer Enterprise Fund

	2001	2000
Equipment and vehicles	\$ 532,868	\$ 458,764
Land	1,664,800	1,664,800
Waste water treatment plants	9,781,342	9,178,955
Construction in progress	16,949,741	9,236,466
Total	28,928,751	20,538,985
Less - Accumulated depreciation	(6,285,699)	(5,878,640)
Net fixed assets	\$ 22,643,052	\$ 14,660,345

Fleet Service Fund

	2001	2000
Equipment and vehicles	\$ 244,830	\$ 219,830
Less - Accumulated depreciation	(128,769)	(85,910)
Net fixed assets	\$ 116,061	\$ 133,920

A reconciliation of fixed assets as shown on the combined balance sheet, all fund types, account groups and discretely presented component units, for the Sewer Fund, Fleet Service Fund and the General Fixed Assets Account Group is as follows:

General Fixed Assets Account Group	\$ 45,611,237
Sewer Fund	22,643,052
Fleet Service Fund	116,061
Total	\$ 68,370,350

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 3: Detailed notes on all funds and account groups (continued)

C. Fixed assets (continued)

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year for the component unit Board of Education.

	Balance October 1, 2000	Transfers and Additions	Retirements	Balance September 30, 2001
Land and improvements	\$ 6,301,812	\$ 6,367,547	\$ 0	\$ 12,669,359
Building and improvements	108,265,476	63,180,642	0	171,446,118
Equipment and vehicles	19,983,950	2,574,316	(10,099,522)	12,458,744
Construction in progress	49,295,665	3,966,492	(49,295,665)	3,966,492
Total	\$ 183,846,903	\$ 76,088,997	\$ (59,395,187)	\$ 200,540,713

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year for the component unit Parks and Recreation Board.

	Balance October 1, 2000	Additions	Deductions	Balance September 30, 2001
Land	\$ 14,442,905	\$ 0	\$ 0	\$ 14,442,905
Buildings	24,408,847	54,670	4,650	24,458,867
Improvements other than buildings	4,203,488	16,086	34,697	4,184,877
Equipment and vehicles	1,690,478	216,958	350,410	1,557,026
Construction in progress	133,508	2,762,234	43,438	2,852,304
Total	\$ 44,879,226	\$ 3,049,948	\$ 433,195	\$ 47,495,979

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year for the component unit Library Board.

	Balance October 1, 2000	Additions	Deductions	Balance September 30, 2001
Buildings	\$ 5,728,859	\$ 5,561,083	\$ 0	\$ 11,289,942
Improvements other than buildings	14,883	0	0	14,883
Equipment and vehicles	637,598	70,959	445,621	262,936
Construction in progress	3,472,177	0	3,472,177	0
Total	\$ 9,853,517	\$ 5,632,042	\$ 3,917,798	\$ 11,567,761

**THE CITY OF HOOVER, ALABAMA
NOTE TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 3: Detailed notes on all funds and account groups (continued)

C. Fixed assets (continued)

A reconciliation of the fixed assets as shown on the combined balance sheet, all fund types, account groups and discretely presented component units, for the Board of Education, Parks and Recreation Board and the Library Board are as follows:

Board of Education	\$ 200,540,713
Park and Recreation Board	47,495,979
Library Board	<u>11,567,761</u>
Total	<u>\$ 259,604,453</u>

D. Interfund Loan Receivables and Payables

Current portions of interfund accounts and loans receivable for the Board of Education are considered available spendable resources of the Board of Education. Details of current interfund receivables and payables were as follows:

<u>Payable from</u>	<u>Payable to</u>	<u>Amount</u>
Title I	General	\$ 1,232
IDEA Part B	General	90,913
IDEA Programs	General	67,307
IDEA Preschool	General	3,784
Drug-Free Schools	General	4,559
Child Nutrition	General	77,960
Capital Projects	General	951,217
General	IDEA Programs	394
General	Basic Grant	10,603
General	14 Mill Tax	6,603,116
General	Community Education	96,173
General	Professional Development	3,428
General	Capital Projects	25,692,128
General	Local Schools	<u>743,475</u>
Total		<u>\$ 34,346,289</u>

Current portions of interfund accounts and loans receivable for the City are considered available spendable resources. Details of current interfund receivables and payables were as follows:

<u>Payable from</u>	<u>Payable to</u>	<u>Amount</u>
Sewer Enterprise Fund	State Revolving Loan Fund	\$ 691,515
Fleet Services Fund	General Fund	<u>12,721</u>
Total		<u>\$ 704,236</u>

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 3: Detailed notes on all funds and account groups (continued)

E. Leases

In 1999, three of the local schools entered into lease-purchase agreements for the lease of copiers. Ownership of the copiers is transferred to the schools at the conclusion of the lease term, and therefore, the leases have been capitalized at the present value of the future minimum lease payments as of the date of their inception. This equipment is included in the General Fixed Assets Account Group of the Board of Education, a discretely presented component unit. The lease is included in the General Long-Term Debt Account Group of the Board of Education.

The following is a schedule of the future minimum lease payments and the present value of the net minimum lease payments at September 30, 2001, for the discretely presented component unit Board of Education.

Fiscal Year Ending September 30,	General Long-Term Debt
2002	\$ 6,962
2003	2,647
Total minimum lease payments	9,609
Less: amount representing interest	207
Present value of future minimum lease payments	\$ 9,402

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" supplemental 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, 2001, was \$218,322.

F. 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.

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 3: Detailed notes on all funds and account groups (continued)

F. Long-Term Debt (continued)

General obligation warrants are direct obligations and pledge the full faith and credit of the City. These warrants generally are issued as 20-year serial warrants with increasing amounts of principal maturing and decreasing amounts of interest payable each year. General obligation warrants currently outstanding are as follows:

Long-Term:

(A) \$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 semi-annually commencing September 1, 1999.	\$ 10,705,000
(B) \$25,485,000 general obligation warrant dated January 15, 2000; due \$755,000 to \$4,645,000 annually beginning January 1, 2011; interest at 5.40% to 6.25% due semi-annually commencing January 1, 2001.	25,485,000
(C) \$7,490,000 general obligation warrants dated September 1, 1993; issued October 4, 1993; due \$275,000 to \$870,000 annually beginning May 1, 1993; interest at 4.40% to 6.30% due semi-annually commencing May 1, 1994.	4,485,000
(D) \$43,155,000 general obligation warrants dated September 1, 1993; due \$870,000 to \$2,950,000 annually beginning March 1, 1998; interest at 3.875% to 5.00% due semi-annually commencing March 1, 1994.	37,560,000
(E) \$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.	<u>1,700,000</u>
Total general obligation warrants	79,935,000
Claims and judgments payable	508,634
Accrued compensated leave	<u>4,409,805</u>
Total Long-Term Debt	<u>\$ 84,853,439</u>

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 3: Detailed notes on all funds and account groups (continued)

F. Long-Term Debt (continued)

Annual debt service requirements to maturity for general obligation warrants (including interest) at September 30, 2001, are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 3,370,000	\$ 4,071,666	\$ 7,441,666
2003	3,525,000	3,916,018	7,441,018
2004	3,695,000	3,749,503	7,444,503
2005	3,880,000	3,570,470	7,450,470
2006	4,100,000	3,378,424	7,478,424
2007	4,275,000	3,168,491	7,443,491
2008	4,500,000	2,946,346	7,446,346
2009	4,705,000	2,737,721	7,442,721
2010	4,110,000	2,565,089	6,675,089
2011	2,125,000	2,359,804	4,484,804
2012	5,145,000	2,174,232	7,319,232
2013	5,425,000	1,897,148	7,322,148
2014	5,710,000	1,598,189	7,308,189
2015	6,025,000	1,263,889	7,288,889
2016	6,310,000	899,046	7,209,046
2017	5,630,000	552,064	6,182,064
2018	1,820,000	346,364	2,166,364
2019	1,900,000	253,364	2,153,364
2020	1,985,000	156,239	2,141,239
2021	0	106,614	106,614
2022	0	106,614	106,614
2023	0	106,614	106,614
2024	0	106,614	106,614
2025	1,700,000	79,961	1,779,961
	<u>\$ 79,935,000</u>	<u>\$ 42,110,484</u>	<u>\$ 122,045,484</u>

THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

NOTE 3: Detailed notes on all funds and account groups (continued)

F. Long-Term Debt (continued)

Changes in general long-term liabilities - During the year ended September 30, 2001, the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

General long-term debt at October 1, 1999	\$ 87,429,589
Increase in accrued compensated leave	360,065
Increase in claims and judgments payable	288,785
Warrants retired	<u>(3,225,000)</u>
General long-term debt at September 30, 2000	<u>\$ 84,853,439</u>

As of September 30, 2001, the long-term debt of the discretely presented component unit Board of Education is as follows:

Series 1993-A Capital Outlay Tax Anticipation Warrants; due annually through 2017; interest payable semi-annually at rates ranging from 3.5% to 5.7%.	\$ 6,490,000
Series 1993-B Capital Outlay Tax Anticipation Warrants; due annually through 2017; interest payable semi-annually at rates ranging from 3.5% to 5.7%.	2,435,000
Series 1993-C Capital Outlay Tax Anticipation Refunding Warrants; due annually through 2017; interest payable semi-annually at rates ranging from 3.5% to 5.7%.	4,865,000
Series 1993-D Capital Outlay Tax Anticipation Refunding Warrants; due annually through 2017; interest payable semi-annually at rates ranging from 2.75% to 5.7%.	38,375,000
Series 1995 Capital Outlay Tax Anticipation Warrants due annually through 2019; interest payable semi-annually at rates ranging from 6.0% to 6.2%.	17,690,000
Series 2001 Capital Outlay Warrants with a maturity date of February 15, 2026; interest payable semi-annually at rates ranging from 4.25% to 5.25%.	<u>90,000,000</u>
Total warrants and notes	159,855,000
Capital lease obligations	9,402
Accrued salaries	<u>2,797,586</u>
Total long-term debt	<u>\$ 162,661,988</u>

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 3: Detailed notes on all funds and account groups (continued)

F. Long-Term Debt (continued)

Annual debt service requirements to maturity for the discretely presented component unit Board of Education's long-term debt, including interest, at September 30, 2001, is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 4,716,962	\$ 7,757,844	\$ 12,474,806
2003	4,932,440	7,530,968	12,463,408
2004	5,155,000	7,595,530	12,750,530
2005	5,405,000	7,425,495	12,830,495
2006	5,660,000	7,687,930	13,347,930
2007 and Thereafter	<u>133,995,000</u>	<u>79,832,087</u>	<u>213,827,087</u>
	<u>\$ 159,864,402</u>	<u>\$ 117,829,854</u>	<u>\$ 277,694,256</u>

The following changes occurred in the liabilities reported in the General Long-Term Debt Account Group for the discretely presented component unit Board of Education.

General long-term debt at October 1, 2000	\$ 132,623,787
Warrants issued	90,000,000
Warrants retired	(62,560,000)
Lease purchase principal payments	(199,385)
General long-term debt at September 30, 2001	<u>\$ 159,864,402</u> *

* This amount does not include accrued salaries.

G. Sewer Enterprise and Fleet Service Fund

The Sewer Enterprise Fund, which accounts for the operations of the waste water treatment plants, and the Fleet Service Fund, which accounts for the repairs and maintenance of all city vehicles, are the proprietary funds maintained by the City. Segment information required to be disclosed by GAAP is effectively provided by the Sewer Enterprise Fund and Fleet Service Fund financial statements presented in the general purpose financial statements.

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 3: Detailed notes on all funds and account groups (continued)

G. Sewer Enterprise and Fleet Service Fund (continued)

The Riverchase Waste Water Treatment Plant and plant additions are financed by general long-term debt. The plant and plant additions have been charged as assets in the Sewer Enterprise Fund with a corresponding credit to contributed capital from other funds.

The Inverness Waste Water Treatment Plant, land and equipment were contributed to the City by the developer of Inverness in connection with the annexation of the commercial portion of the Inverness development. The plant, land and equipment have been charged as assets in the Sewer Enterprise Fund with a corresponding credit to contributed capital from developers.

The Sewer Enterprise Fund had net income of \$28,543 for the fiscal year ended September 30, 2001 and net income of \$317,250 for the fiscal year ended September 30, 2000. The Sewer Enterprise Fund has a retained earnings deficit of \$2,961,369 at September 30, 2001. The City acquired the waste water treatment plants as a part of the Riverchase and Inverness annexations. It was anticipated that the plants would operate at a deficit but that the deficit incurred would be greatly offset by taxes and licenses revenue derived from the annexed areas as well as by contributed capital from new customers in the form of tap fees. The City has received revenue from the annexed areas substantially in excess of the Sewer Enterprise Fund operating deficit. Additionally, tap fees collected through September 30, 2001, totaled \$2,837,392.

Long-Term Debt

As of September 30, 2001, the long-term debt of the Sewer Enterprise Fund is as follows:

Series 1999 General Obligation Sewer Warrant; due \$300,000 to \$580,000 annually beginning February 15, 2001; interest at 3.50% due semi-annually commencing February 15, 2001.	\$ 8,205,000
Series 2000 General Obligation Sewer Warrant; due \$325,000 to \$675,000 annually beginning February 15, 2002; interest at 3.85% due semi-annually commencing August 15, 2001.	<u>9,565,000</u>
Total long-term debt	<u>\$ 17,770,000</u>

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 3: Detailed notes on all funds and account groups (continued)

G. Sewer Enterprise and Fleet Service Fund (continued)

Interest and fiscal charges of \$538,113 were incurred by the Sewer Enterprise Fund for the year ended September 30, 2001. Of that amount, \$522,550 was capitalized in the cost of construction of fixed assets.

Annual debt service requirements to maturity for the Sewer Enterprise Fund, including interest, at September 30, 2001, is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 635,000	\$ 643,746	\$ 1,278,746
2003	655,000	620,016	1,275,016
2004	680,000	595,455	1,275,455
2005	710,000	569,879	1,279,879
2006	730,000	543,384	1,273,384
2007 and Thereafter	<u>14,360,000</u>	<u>4,205,716</u>	<u>18,565,716</u>
	<u>\$ 17,770,000</u>	<u>\$ 7,178,196</u>	<u>\$ 24,948,196</u>

Changes in long-term liabilities for the Sewer Enterprise Fund during the year ended September 30, 2001.

Long-term debt at October 1, 2000	\$ 18,070,000
Warrants retired	(300,000)
Long-term debt at September 30, 2001	<u>\$ 17,770,000</u>

Contributed Capital

The change in the contributed capital account of the Sewer Enterprise Fund was as follows:

	<u>2001</u>
Customer tap fees	\$ 204,743
Developer donated land	0
Net increase in contributed capital	<u>204,743</u>
Contributed capital at beginning of year	<u>8,722,484</u>
Contributed capital at end of year	<u>\$ 8,927,227</u>

The Fleet Service Fund was created in the fiscal year September 30, 1998 to account for the repairs and maintenance of all city vehicles. The Fleet Service Fund had a net loss of \$18,525 and net income of \$79,454 for the fiscal years ended September 30, 2001 and 2000, respectively.

Reserved Retained Earnings and Restricted Asset Accounts

The Sewer Enterprise Fund has no reservations of its retained earnings, and has no restricted assets as of September 30, 2001.

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 4: 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 employee; 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 \$275,000, and to cover aggregate biennial compensation claims in excess of \$1,218,000. The City's excess workers' compensation coverage provides statutory limits for workers' compensation and \$1,000,000 in employers liability. The City also purchases commercial insurance to cover individual property, casualty and liability claims in excess of \$50,000, and to cover aggregate biennial property, casualty and liability claims in excess of \$675,000. 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.

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, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in the General Long-Term Debt Account Group because it is not expected to be liquidated with current financial resources.

Changes in the balances of claims liabilities during fiscal 2001 and 2000 are as follows:

	<u>2001</u>	<u>2000</u>
Unpaid claims, beginning	\$ 219,849	\$ 397,118
Incurred claims, (including IBNRs)	729,559	360,136
Claim payments	<u>(440,774)</u>	<u>(537,405)</u>
Unpaid claims, ending	<u>\$ 508,634</u>	<u>\$ 219,849</u>

B. Commitments

By resolution of the City Council on October 1, 1990, the City is committed to make 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.

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 4: Other information

B. Commitments (continued)

As of September 30, 2001, the City has executed contracts related to construction projects in the amount of \$20,692,417. Of this amount, \$12,928,996 has been incurred to date creating a remaining commitment of \$7,763,421 at September 30, 2001.

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. Employee Retirement System

Plan Description:

The City's defined benefit pension plan, Employee's 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 36130-2150 or by calling 1-334-832-4140.

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 4: Other information

D. Employee Retirement System (continued)

Funding Policy:

City employees are required to contribute 5 percent of their annual compensation to the System. 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.

Annual Pension Cost:

For 2001, the City's annual pension cost of \$1,481,764 for the System was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2000 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, 2000 was 11 years.

Three-Year Trend Information for the System

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/99	\$ 1,117,352	100%	0
09/30/00	1,207,209	100%	0
09/30/01	1,481,764	100%	0

**THE CITY OF HOOVER, ALABAMA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001**

NOTE 4: Other information**E. Employee Retirement System (continued)**

In April 2000, the City began providing post retirement health and dental care benefits, as per the 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 retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

As of September 30, 2001, there were sixteen employees receiving benefits under the ordinance. For the year ended September 30, 2001, the City recognized expenditures of \$32,977 for these benefits.

F. Prior period corrections

During 2001, an error in the calculation of a noncurrent note receivable was discovered which resulted in an overstatement of assets and reserved fund balance of the General Fund at September 30, 2000. Also, it was determined that certain capital outlay expenditures had been charged to Capital Projects Funds which should have been recorded as expenditures of the General Fund. The effects of these corrections are as follows:

	Effect on Fund Balance	
	Increase (Decrease)	
	General Fund	Capital Projects Fund
Correction of noncurrent receivable -		
Effect on 1999 and earlier years	\$ (2,818,293)	\$ 0
Effect on year ended 09/30/2000	(198,735)	0
	<u>(3,017,028)</u>	<u>0</u>
Correction of capital outlay expenditures for the year ended 09/30/2000	(4,757,528)	4,757,528
	<u>\$ (7,774,556)</u>	<u>\$ 4,757,528</u>

SUPPLEMENTAL INFORMATION

PRIMARY GOVERNMENT

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THE CITY OF HOOVER, ALABAMA
SCHEDULE OF FUNDING PROGRESS FOR THE PENSION PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
09/30/98	\$ 32,189,101	\$ 31,529,296	\$ (659,805)	102.09%	\$ 20,111,655	(3.28%)
09/30/99	36,832,808	36,239,433	(593,375)	101.64	21,399,501	(2.77)
09/30/00	41,738,362	42,034,518	296,156	99.30	23,386,482	1.30

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**COMBINING, INDIVIDUAL FUND
AND ACCOUNT GROUP STATEMENTS
AND SCHEDULES**

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GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

THE CITY OF HOOVER, ALABAMA
General Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

Assets	<u>2001</u>	<u>(Restated) 2000</u>
Pooled cash and investments	\$ 19,062,785	\$ 19,662,197
Receivables		
Taxes	3,732,955	3,595,196
Accounts	356,298	321,394
Due from other governments	599,352	572,542
Due from other funds	12,721	609,109
Prepaid insurance	32,896	216,284
Non-current receivable	<u>961,155</u>	<u>1,010,471</u>
Total assets	\$ <u>24,758,162</u>	\$ <u>25,987,193</u>
Liabilities and fund balances		
Accounts payable and accrued liabilities	\$ 3,681,364	\$ 2,289,575
Refundable deposits	<u>1,774</u>	<u>51,547</u>
Total liabilities	<u>3,683,138</u>	<u>2,341,122</u>
Fund balances		
Reserved for prepaid insurance	32,896	216,284
Reserved for non-current receivable	961,155	1,010,471
Unreserved, undesignated fund balance	<u>20,080,973</u>	<u>22,419,316</u>
Total fund balances	<u>21,075,024</u>	<u>23,646,071</u>
Total liabilities and fund balances	\$ <u>24,758,162</u>	\$ <u>25,987,193</u>

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

THE CITY OF HOOVER, ALABAMA
General Fund
Comparative Statements of Revenues, Expenditures and
Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	2001	(Restated) 2000
Revenues		
Taxes	\$ 49,904,277	\$ 47,617,556
Licenses and permits	9,351,131	9,002,056
Intergovernmental	1,803,864	3,522,576
Fines and forfeits	969,390	1,129,765
Investment income	2,274,684	1,592,065
Other	286,709	510,233
Total revenues	64,590,055	63,374,251
Expenditures		
Current operations		
General government	6,953,932	6,827,397
Public safety	23,466,694	21,634,677
Municipal court	716,982	506,090
Streets and sanitation	6,001,617	5,472,325
Health	211,910	327,890
Total	37,351,135	34,768,379
Capital outlays	927,652	6,798,956
Debt service		
Principal	3,225,000	3,183,550
Interest	4,801,722	3,012,348
Total expenditures	46,305,509	47,763,233
Excess of revenues over expenditures	18,284,546	15,611,018
Other financing sources (uses)		
Operating transfers out	(8,824,733)	(2,048,155)
Operating transfers in	1,257,805	0
Operating transfers out - component units	(13,288,665)	(12,641,300)
Proceeds of general obligation warrants, notes payable and capital leases	0	0
Payment to refunding warrant escrow agent	0	0
Total other financing sources (uses)	(20,855,593)	(14,689,455)
Excess of revenues and other financing sources over expenditures and other financing uses	(2,571,047)	921,563
Fund balances, beginning of year	23,646,071	25,542,801
Adjustment of fund balance, (Note 4)	0	(2,818,293)
Fund balance, as restated	23,646,071	22,724,508
Fund balances, end of year	\$ 21,075,024	\$ 23,646,071

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

THE CITY OF HOOVER, ALABAMA
General Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	2001		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 48,140,782	\$ 49,904,277	\$ 1,763,495
Licenses and permits	9,228,500	9,351,131	122,631
Intergovernmental	1,450,500	1,803,864	353,364
Fines and forfeits	1,225,000	969,390	(255,610)
Investment income	1,508,300	2,274,684	766,384
Other	103,000	29,188	(73,812)
Charges for services	260,700	257,521	(3,179)
Total revenues	<u>61,916,782</u>	<u>64,590,055</u>	<u>2,673,273</u>
Expenditures			
Current operations			
General government	8,141,147	6,953,932	1,187,215
Public safety	23,282,372	23,466,694	(184,322)
Municipal court	712,684	716,982	(4,298)
Streets and sanitation	6,232,487	6,001,617	230,870
Health	257,500	211,910	45,590
Total	<u>38,626,190</u>	<u>37,351,135</u>	<u>1,275,055</u>
Capital outlays	1,097,161	927,652	169,509
Debt service			
Principal	3,225,000	3,225,000	0
Interest and fiscal charges	4,798,317	4,801,722	(3,405)
Total expenditures	<u>47,746,668</u>	<u>46,305,509</u>	<u>1,441,159</u>
Excess of revenues over expenditures	<u>14,170,114</u>	<u>18,284,546</u>	<u>4,114,432</u>
Other financing sources (uses)			
Operating transfers out	0	(8,824,733)	(8,824,733)
Operating transfers in	0	1,257,805	1,257,805
Operating transfers out - component units	(13,684,072)	(13,288,665)	395,407
Proceeds of general obligation warrants	0	0	0
Payment to refunding warrant escrow agent	0	0	0
Total other financing sources (uses)	<u>(13,684,072)</u>	<u>(20,855,593)</u>	<u>(7,171,521)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 486,042</u>	<u>(2,571,047)</u>	<u>\$ (3,057,089)</u>
Fund balances, beginning of year		23,646,071	
Adjustment of fund balance, (Note 4)		<u>0</u>	
Fund balance, as restated		<u>23,646,071</u>	
Fund balances, end of year		<u>\$ 21,075,024</u>	

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

(Restated) 2000		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 47,894,000	\$ 47,617,556	\$ (276,444)
9,689,000	9,002,056	(686,944)
1,731,057	3,522,576	1,791,519
1,000,000	1,129,765	129,765
905,300	1,592,065	686,765
111,000	192,310	81,310
234,800	317,923	83,123
<u>61,565,157</u>	<u>63,374,251</u>	<u>1,809,094</u>
7,930,036	6,827,397	1,102,639
21,107,735	21,634,677	(526,942)
646,179	506,090	140,089
5,328,035	5,472,325	(144,290)
217,500	327,890	(110,390)
<u>35,229,485</u>	<u>34,768,379</u>	<u>461,106</u>
1,264,577	6,798,956	(5,534,379)
3,318,099	3,183,550	134,549
2,874,206	3,012,348	(138,142)
<u>42,686,367</u>	<u>47,763,233</u>	<u>(5,076,866)</u>
<u>18,878,790</u>	<u>15,611,018</u>	<u>(3,267,772)</u>
0	0	0
(3,948,757)	(2,048,155)	1,900,602
(13,721,955)	(12,641,300)	1,080,655
0	0	0
0	0	0
<u>(17,670,712)</u>	<u>(14,689,455)</u>	<u>2,981,257</u>
<u>\$ 1,208,078</u>	921,563	<u>\$ (286,515)</u>
	25,542,801	
	<u>(2,818,293)</u>	
	<u>22,724,508</u>	
	<u>\$ 23,646,071</u>	

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

THE CITY OF HOOVER, ALABAMA
Schedule of Current Operations Expenditures
Budget and Actual
For the fiscal year ended September 30, 2001
(with comparative actual amounts for the fiscal year ended September 30, 2000)

<u>Expenditures - Current Operations</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>(Restated) 2000 Actual</u>
General government				
Administrative				
Personal services	\$ 4,025,395	\$ 3,672,270	\$ 353,125	\$ 3,302,737
Other	4,115,752	3,281,662	834,090	3,524,660
Total general government	<u>8,141,147</u>	<u>6,953,932</u>	<u>1,187,215</u>	<u>6,827,397</u>
Public safety				
Police				
Personal services	10,108,989	10,140,933	(31,944)	9,132,975
Other	1,617,695	1,466,187	151,508	1,641,522
Total	<u>11,726,684</u>	<u>11,607,120</u>	<u>119,564</u>	<u>10,774,497</u>
Fire				
Personal services	9,183,232	9,548,439	(365,207)	8,661,216
Other	882,328	853,127	29,201	803,207
Total	<u>10,065,560</u>	<u>10,401,566</u>	<u>(336,006)</u>	<u>9,464,423</u>
Inspection services				
Personal services	1,386,853	1,367,714	19,139	1,291,783
Other	103,275	90,294	12,981	103,974
Total	<u>1,490,128</u>	<u>1,458,008</u>	<u>32,120</u>	<u>1,395,757</u>
Total public safety	<u>23,282,372</u>	<u>23,466,694</u>	<u>(184,322)</u>	<u>21,634,677</u>
Municipal Court				
Personal services	554,939	577,827	(22,888)	382,805
Other	157,745	139,155	18,590	123,285
Total municipal court	<u>712,684</u>	<u>716,982</u>	<u>(4,298)</u>	<u>506,090</u>
Street and Sanitation				
Personal services	1,492,337	1,434,643	57,694	1,079,771
Other	4,740,150	4,566,974	173,176	4,392,554
Total streets and sanitation	<u>6,232,487</u>	<u>6,001,617</u>	<u>230,870</u>	<u>5,472,325</u>
Health				
Personal services	0	0	0	80,149
Other	257,500	211,910	45,590	247,741
Total health	<u>257,500</u>	<u>211,910</u>	<u>45,590</u>	<u>327,890</u>
Total expenditures - current operations	<u>\$ 38,626,190</u>	<u>\$ 37,351,135</u>	<u>\$ 1,275,055</u>	<u>\$ 34,768,379</u>

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

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

E-911 Special Revenue Fund accounts for funds received from citizens for the development and operation of the City wide emergency telephone system.

State Seven Cent Gasoline Tax Special Revenue Fund accounts for proceeds of a seven cent State gasoline tax. The use of these funds is restricted to expenditures related to construction, improvement and maintenance of highways, bridges and streets.

State Four and Five Cent Gasoline Tax Special Revenue Fund accounts for proceeds of a four and five cent State gasoline tax. The use of these funds is restricted to expenditures for the construction, renovation, rehabilitation, and resurfacing of City streets and bridges.

Drug Enforcement Special Revenue Fund accounts for funds confiscated in drug enforcement activities. These funds are restricted for enforcement only.

Court and Corrections Fund accounts for funds received from additional court costs and fees on certain municipal cases. The funds are restricted for use in operation and maintenance of the municipal jail or court.

CDBG Special Revenue Fund accounts for funds that the Department of Housing and Urban Development (HUD) awards to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services.

Alabama Trust Fund Interest Special Revenue Fund accounts for funds from the State of Alabama that are to be used for municipal capital improvements or the restoration of municipal capital improvements, such as municipal buildings, streets and roads.

THE CITY OF HOOVER, ALABAMA
Special Revenue Funds
Combining Balance Sheet
September 30, 2001
(with the comparative totals for September 30, 2000)

	<u>E-911</u>	<u>State Seven Cent Gasoline Tax</u>	<u>State Four and Five Cent Gasoline Tax</u>
Assets			
Pooled cash and investments	\$ 452,903	\$ 437,169	\$ 2,224
Due from other governments			
Federal	0	0	0
State	<u>0</u>	<u>33,748</u>	<u>29,424</u>
Total assets	<u>\$ 452,903</u>	<u>\$ 470,917</u>	<u>\$ 31,648</u>
Liabilities and fund balances			
Liabilities			
Bank overdraft	\$ 0	\$ 0	\$ 0
Accounts payable	0	0	0
Accrued liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	0	0	0
Fund balances			
Unreserved, undesignated	<u>452,903</u>	<u>470,917</u>	<u>31,648</u>
Total liabilities and fund balances	<u>\$ 452,903</u>	<u>\$ 470,917</u>	<u>\$ 31,648</u>

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

CDBG	Alabama Trust Fund Interest	Drug Enforce- ment	Court and Corrections	Totals	
				2001	2000
\$ 0	\$ 488,399	\$ 54,544	\$ 1,533,165	\$ 2,968,404	\$ 1,670,940
53,640	0	0	0	53,640	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>63,172</u>	<u>61,240</u>
\$ <u>53,640</u>	\$ <u>488,399</u>	\$ <u>54,544</u>	\$ <u>1,533,165</u>	\$ <u>3,085,216</u>	\$ <u>1,732,180</u>
\$ 6,765	\$ 0	\$ 0	\$ 0	\$ 6,765	\$ 0
46,875	0	2,507	0	49,382	4,926
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,396</u>
53,640	0	2,507	0	56,147	42,322
<u>0</u>	<u>488,399</u>	<u>52,037</u>	<u>1,533,165</u>	<u>3,029,069</u>	<u>1,689,858</u>
\$ <u>53,640</u>	\$ <u>488,399</u>	\$ <u>54,544</u>	\$ <u>1,533,165</u>	\$ <u>3,085,216</u>	\$ <u>1,732,180</u>

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

THE CITY OF HOOVER, ALABAMA
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>E-911</u>	<u>State Seven Cent Gasoline Tax</u>	<u>State Four and Five Cent Gasoline Tax</u>
Revenues			
Intergovernmental	\$ 0	\$ 375,904	\$ 345,932
Investment income	9,636	13,983	3,591
Telephone surcharge	952,431	0	0
Court costs	0	0	0
Sale of surplus property	0	0	0
Confiscated drug funds	0	0	0
Total revenues	<u>962,067</u>	<u>389,887</u>	<u>349,523</u>
Expenditures			
Current operations			
General government			
Personal services	0	0	0
Other	0	0	0
Public safety			
Police			
Personal services	625,600	0	0
Other	0	0	0
Municipal court			
Personal services	0	0	0
Other	0	0	0
Streets and sanitation			
Personal services	0	0	0
Other	0	131,937	348,727
Total	<u>625,600</u>	<u>131,937</u>	<u>348,727</u>
Capital outlays	0	0	0
Total expenditures	<u>625,600</u>	<u>131,937</u>	<u>348,727</u>
Excess (deficiency) of revenues over (under) expenditures	336,467	257,950	796
Other financing sources			
Operating transfers in	0	0	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures	336,467	257,950	796
Fund balances, beginning of year	<u>116,436</u>	<u>212,967</u>	<u>30,852</u>
Fund balances, end of year	<u>\$ 452,903</u>	<u>\$ 470,917</u>	<u>\$ 31,648</u>

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

CDBG	Alabama Trust Fund Interest	Drug Enforce- ment	Court and Corrections	Totals	
				2001	2000
\$ 97,035	\$ 0	\$ 0	\$ 0	\$ 818,871	\$ 724,022
0	148,146	5,712	65,668	246,736	113,851
0	0	0	0	952,431	916,544
0	0	0	241,702	241,702	252,221
0	0	0	0	0	0
0	0	8,216	0	8,216	73,136
<u>97,035</u>	<u>148,146</u>	<u>13,928</u>	<u>307,370</u>	<u>2,267,956</u>	<u>2,079,774</u>
0	0	0	0	0	0
50,161	0	9,451	0	59,612	0
0	0	0	0	625,600	1,075,963
0	0	1,791	0	1,791	2,192
0	0	0	5,376	5,376	0
0	0	0	0	0	0
0	0	0	0	0	335,775
0	0	0	0	480,664	728,254
<u>50,161</u>	<u>0</u>	<u>11,242</u>	<u>5,376</u>	<u>1,173,043</u>	<u>2,142,184</u>
<u>46,874</u>	<u>0</u>	<u>126,000</u>	<u>571</u>	<u>173,445</u>	<u>61,181</u>
<u>97,035</u>	<u>0</u>	<u>137,242</u>	<u>5,947</u>	<u>1,346,488</u>	<u>2,203,365</u>
0	148,146	(123,314)	301,423	921,468	(123,591)
0	340,253	77,491	0	417,744	237,755
0	488,399	(45,823)	301,423	1,339,212	114,164
0	0	97,860	1,231,742	1,689,857	1,575,694
<u>\$ 0</u>	<u>\$ 488,399</u>	<u>\$ 52,037</u>	<u>\$ 1,533,165</u>	<u>\$ 3,029,069</u>	<u>\$ 1,689,858</u>

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

THE CITY OF HOOVER, ALABAMA
E-911 Special Revenue Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>2000</u>
Assets		
Pooled cash and investments	\$ <u>452,903</u>	\$ <u>153,832</u>
Total assets	\$ <u>452,903</u>	\$ <u>153,832</u>
 Liabilities and fund balances		
Liabilities		
Accrued liabilities	\$ 0	\$ 37,396
 Fund balances		
Unreserved, undesignated	<u>452,903</u>	<u>116,436</u>
Total liabilities and fund balances	\$ <u>452,903</u>	\$ <u>153,832</u>

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

THE CITY OF HOOVER, ALABAMA
E-911 Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001</u>	<u>2000</u>
Revenues		
Telephone surcharge	\$ 952,431	\$ 916,544
Investment income	9,636	4,446
Total revenues	<u>962,067</u>	<u>920,990</u>
 Expenditures		
Current operations		
Public safety		
Police		
Personal services	625,600	1,075,963
Total expenditures	<u>625,600</u>	<u>1,075,963</u>
 Deficiency of revenues (under) expenditures	 336,467	 (154,973)
 Other financing sources		
Operating transfers in	<u>0</u>	<u>237,755</u>
 Excess of revenues and other financing sources over expenditures	 336,467	 82,782
 Fund balances, beginning of year	 <u>116,436</u>	 <u>33,654</u>
 Fund balances, end of year	 <u>\$ 452,903</u>	 <u>\$ 116,436</u>

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

THE CITY OF HOOVER, ALABAMA
E-911 Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Telephone surcharge	\$ 880,000	\$ 952,431	\$ 72,431	\$ 840,000	\$ 916,544	\$ 76,544
Operating transfers in	0	0	0	0	237,755	237,755
Investment income	2,500	9,636	7,136	1,000	4,446	3,446
Total revenues	<u>882,500</u>	<u>962,067</u>	<u>79,567</u>	<u>841,000</u>	<u>1,158,745</u>	<u>317,745</u>
Expenditures						
Current operations						
Public safety						
Police						
Personal services	639,955	625,600	14,355	966,110	1,075,963	(109,853)
Total expenditures	<u>639,955</u>	<u>625,600</u>	<u>14,355</u>	<u>966,110</u>	<u>1,075,963</u>	<u>(109,853)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 242,545</u>	<u>336,467</u>	<u>\$ 93,922</u>	<u>\$ (125,110)</u>	<u>82,782</u>	<u>\$ 207,892</u>
Fund balances, beginning of year		<u>116,436</u>			<u>33,654</u>	
Fund balances, end of year		<u>\$ 452,903</u>			<u>\$ 116,436</u>	

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

THE CITY OF HOOVER, ALABAMA
State Seven Cent Gasoline Tax Special Revenue Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>2000</u>
Assets		
Pooled cash and investments	\$ 437,169	\$ 185,103
Due from state government	<u>33,748</u>	<u>32,747</u>
Total assets	<u>\$ 470,917</u>	<u>\$ 217,850</u>
 Liabilities and fund balances		
Liabilities		
Accounts payable	\$ 0	\$ 4,882
Accrued liabilities	<u>0</u>	<u>0</u>
Total liabilities	0	4,882
Fund balances		
Unreserved, undesignated	<u>470,917</u>	<u>212,968</u>
Total liabilities and fund balances	<u>\$ 470,917</u>	<u>\$ 217,850</u>

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

THE CITY OF HOOVER, ALABAMA
State Seven Cent Gasoline Tax Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001</u>	<u>2000</u>
Revenues		
Intergovernmental	\$ 375,904	\$ 376,775
Investment income	13,983	27,004
Total revenues	<u>389,887</u>	<u>403,779</u>
Expenditures		
Current operations		
Streets and sanitation		
Personal services	0	335,775
Other	131,937	227,703
Total expenditures	<u>131,937</u>	<u>563,478</u>
Excess (deficiency) of revenues over (under) expenditures	257,950	(159,699)
Fund balances, beginning of year	<u>212,967</u>	<u>372,666</u>
Fund balances, end of year	<u>\$ 470,917</u>	<u>\$ 212,967</u>

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

THE CITY OF HOOVER, ALABAMA
State Seven Cent Gasoline Tax Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$ 410,000	\$ 375,904	\$ (34,096)	\$ 410,000	\$ 376,775	\$ (33,225)
Investment income	20,500	13,983	(6,517)	15,000	27,004	12,004
Total revenues	<u>430,500</u>	<u>389,887</u>	<u>(40,613)</u>	<u>425,000</u>	<u>403,779</u>	<u>(21,221)</u>
Expenditures						
Current operations						
Streets and sanitation						
Personal services	0	0	0	335,775	335,775	0
Other	330,000	131,937	198,063	99,000	227,703	(128,703)
Total expenditures	<u>330,000</u>	<u>131,937</u>	<u>198,063</u>	<u>434,775</u>	<u>563,478</u>	<u>(128,703)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>100,500</u>	257,950	\$ <u>157,450</u>	\$ <u>(9,775)</u>	(159,699)	\$ <u>(149,924)</u>
Fund balances, beginning of year		<u>212,967</u>			<u>372,666</u>	
Fund balances, end of year		\$ <u>470,917</u>			\$ <u>212,967</u>	

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

THE CITY OF HOOVER, ALABAMA
State Four and Five Cent Gasoline Tax Special Revenue Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

Assets	<u>2001</u>	<u>2000</u>
Pooled cash and investments	\$ 2,224	\$ 2,403
Due from state government	<u>29,424</u>	<u>28,493</u>
Total assets	\$ <u>31,648</u>	\$ <u>30,896</u>
Liabilities and fund balances		
Liabilities		
Accounts payable	\$ 0	\$ 44
Fund balances		
Unreserved, undesignated	<u>31,648</u>	<u>30,852</u>
Total liabilities and fund balances	\$ <u>31,648</u>	\$ <u>30,896</u>

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

THE CITY OF HOOVER, ALABAMA
State Four and Five Cent Gasoline Tax Special Revenue Funds
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001</u>	<u>2000</u>
Revenues		
Intergovernmental	\$ 345,932	\$ 347,246
Investment income	3,591	3,853
Total revenues	<u>349,523</u>	<u>351,099</u>
Expenditures		
Current operations		
Streets and sanitation		
Other	<u>348,727</u>	<u>500,551</u>
Total expenditures	<u>348,727</u>	<u>500,551</u>
Excess (deficiency) of revenues over (under) expenditures	796	(149,452)
Fund balances, beginning of year	<u>30,852</u>	<u>180,304</u>
Fund balances, end of year	<u>\$ 31,648</u>	<u>\$ 30,852</u>

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

THE CITY OF HOOVER, ALABAMA
State Four and Five Cent Gasoline Tax Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$ 360,000	\$ 345,932	\$ (14,068)	\$ 380,000	\$ 347,246	\$ (32,754)
Investment income	10,000	3,591	(6,409)	20,000	3,853	(16,147)
Total revenues	<u>370,000</u>	<u>349,523</u>	<u>(20,477)</u>	<u>400,000</u>	<u>351,099</u>	<u>(48,901)</u>
Expenditures						
Current operations						
Streets and sanitation						
Other	370,000	348,727	21,273	501,000	500,551	449
Total expenditures	<u>370,000</u>	<u>348,727</u>	<u>21,273</u>	<u>501,000</u>	<u>500,551</u>	<u>449</u>
Deficiency of revenues under expenditures	\$ <u>0</u>	796	\$ <u>796</u>	\$ <u>(101,000)</u>	(149,452)	\$ <u>(48,452)</u>
Fund balances, beginning of year		<u>30,852</u>			<u>180,304</u>	
Fund balances, end of year		\$ <u>31,648</u>			\$ <u>30,852</u>	

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

THE CITY OF HOOVER, ALABAMA
CDBG Special Revenue Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001*</u>	<u>2000</u>
Assets		
Pooled cash and investments	\$ 0	\$ 0
Due from federal governments	<u>53,640</u>	<u>0</u>
Total assets	<u>\$ 53,640</u>	<u>\$ 0</u>
Liabilities and fund balances		
Liabilities		
Bank overdraft	6,765	0
Accounts payable	<u>46,875</u>	<u>0</u>
Total liabilities	53,640	0
Fund balances		
Unreserved, undesignated	<u>0</u>	<u>0</u>
Total liabilities and fund balances	<u>\$ 53,640</u>	<u>\$ 0</u>

* - The CDBG Special Revenue Fund was created in 2001.

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

THE CITY OF HOOVER, ALABAMA
CDBG Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001*</u>	<u>2000</u>
Revenues		
Intergovernmental	\$ 97,035	\$ 0
Total revenues	<u>97,035</u>	<u>0</u>
 Expenditures		
Current operations		
General government		
Personal services		
Other	50,161	0
Total	<u>50,161</u>	<u>0</u>
Capital outlays	46,874	0
Total expenditures	<u>97,035</u>	<u>0</u>
 Excess (deficiency) of revenues over (under) expenditures	 0	 0
 Fund balances, beginning of year	 <u>0</u>	 <u>0</u>
Fund balances, end of year	 <u>\$ 0</u>	 <u>\$ 0</u>

* - The CDBG Special Revenue Fund was created in 2001.

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

THE CITY OF HOOVER, ALABAMA
CDBG Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	2001*			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$ 263,000	\$ 97,035	\$ (165,965)	\$ 0	\$ 0	\$ 0
Investment income	0	0	0	0	0	0
Total revenues	<u>263,000</u>	<u>97,035</u>	<u>(165,965)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures						
Current operation						
General government						
Personal services	0	0	0	0	0	0
Other	50,000	50,161	(161)	0	0	0
Total	<u>50,000</u>	<u>50,161</u>	<u>(161)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital outlays	213,000	46,874	166,126	0	0	0
Total expenditures	<u>263,000</u>	<u>97,035</u>	<u>166,126</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Fund balances, beginning of year		<u>0</u>			<u>0</u>	
Fund balances, end of year		<u>\$ 0</u>			<u>\$ 0</u>	

* - The CDBG Special Revenue Fund was created in 2001.

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

THE CITY OF HOOVER, ALABAMA
Alabama Trust Fund Interest Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001*</u>	<u>2000</u>
Assets		
Pooled cash and investments	\$ <u>488,399</u>	\$ <u>0</u>
Total assets	\$ <u>488,399</u>	\$ <u>0</u>
Liabilities and fund balances		
Fund balances		
Unreserved, undesignated	<u>488,399</u>	<u>0</u>
Total liabilities and fund balances	\$ <u>488,399</u>	\$ <u>0</u>

* - The Alabama Trust Fund Interest Fund was created in 2001.

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

THE CITY OF HOOVER, ALABAMA
Alabama Trust Fund Interest Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001*</u>	<u>2000</u>
Revenues		
Intergovernmental	\$ 0	\$ 0
Investment income	148,146	0
Total revenues	<u>148,146</u>	<u>0</u>
Expenditures		
Current operations	<u>0</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>0</u>
Excess revenues over expenditures	148,146	0
Other financing sources		
Operating transfers in	<u>340,253</u>	<u>0</u>
Excess of revenues and other financing sources over expenditures	488,399	0
Fund balances, beginning of year	<u>0</u>	<u>0</u>
Fund balances, end of year	<u>\$ 488,399</u>	<u>\$ 0</u>

* - The Alabama Trust Fund Interest Fund was created in 2001.

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

THE CITY OF HOOVER, ALABAMA
Alabama Trust Fund Interest Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	2001*			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Operating transfers in	0	340,253	340,253	0	0	0
Investment income	132,500	148,146	15,646	0	0	0
Total revenues	<u>132,500</u>	<u>488,399</u>	<u>355,899</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures						
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 132,500</u>	<u>488,399</u>	<u>\$ 355,899</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Fund balances, beginning of year		<u>0</u>			<u>0</u>	
Fund balances, end of year		<u>\$ 488,399</u>			<u>\$ 0</u>	

* - The Alabama Trust Fund Interest Fund was created in 2001.

THE CITY OF HOOVER, ALABAMA
Drug Enforcement Special Revenue Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>2000</u>
Assets		
Pooled cash and investments	\$ <u>54,544</u>	\$ <u>97,860</u>
Total assets	\$ <u>54,544</u>	\$ <u>97,860</u>
 Liabilities and fund balances		
Liabilities		
Accounts payable	\$ 2,507	\$ 0
Fund balances		
Unreserved, undesignated	<u>52,037</u>	<u>97,860</u>
Total liabilities and fund balances	\$ <u>54,544</u>	\$ <u>97,860</u>

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

THE CITY OF HOOVER, ALABAMA
Drug Enforcement Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001</u>	<u>2000</u>
Revenues		
Investment income	\$ 5,712	\$ 5,141
Confiscated drug funds	8,216	73,136
Total revenues	<u>13,928</u>	<u>78,277</u>
Expenditures		
Current operations		
General government		
Other	9,451	0
Public safety		
Police		
Other	1,791	2,192
Total	<u>11,242</u>	<u>2,192</u>
Capital outlays	126,000	28,364
Total expenditures	<u>137,242</u>	<u>30,556</u>
Excess (deficiency) of revenues over (under) expenditures	(123,314)	47,721
Other financing sources		
Operating transfers in	<u>77,491</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(45,823)	47,721
Fund balances, beginning of year	<u>97,860</u>	<u>50,139</u>
Fund balances, end of year	<u>\$ 52,037</u>	<u>\$ 97,860</u>

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

THE CITY OF HOOVER, ALABAMA
Drug Enforcement Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Investment income	\$ 0	\$ 5,712	\$ 5,712	\$ 0	\$ 5,141	\$ 5,141
Operating transfers in	0	77,491	77,491	0	0	0
Confiscated drug funds	0	8,216	8,216	0	73,136	73,136
Total revenues	<u>0</u>	<u>91,419</u>	<u>91,419</u>	<u>0</u>	<u>78,277</u>	<u>78,277</u>
Expenditures						
Current operations						
General government						
Other	8,500	9,451	(951)	0	0	0
Public safety						
Police						
Other	0	1,791	(1,791)	0	2,192	(2,192)
Total	8,500	11,242	(2,742)	0	2,192	(2,192)
Capital outlays	20,000	126,000	(106,000)	0	28,364	(28,364)
Total expenditures	<u>28,500</u>	<u>137,242</u>	<u>(108,742)</u>	<u>0</u>	<u>30,556</u>	<u>(30,556)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (28,500)</u>	<u>(45,823)</u>	<u>\$ (17,323)</u>	<u>0</u>	<u>47,721</u>	<u>\$ 47,721</u>
Fund balances, beginning of year		<u>97,860</u>			<u>50,139</u>	
Fund balances, end of year		<u>\$ 52,037</u>			<u>\$ 97,860</u>	

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

THE CITY OF HOOVER, ALABAMA
Court and Corrections Special Revenue Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>2000</u>
Assets		
Pooled cash and investments	\$ <u>1,533,165</u>	\$ <u>1,231,742</u>
Total assets	\$ <u>1,533,165</u>	\$ <u>1,231,742</u>
 Liabilities and fund balances		
Fund balances		
Unreserved, undesignated	\$ <u>1,533,165</u>	\$ <u>1,231,742</u>
Total liabilities and fund balances	\$ <u>1,533,165</u>	\$ <u>1,231,742</u>

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

THE CITY OF HOOVER, ALABAMA
Court and Corrections Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001</u>	<u>2000</u>
Revenues		
Investment income	\$ 65,668	\$ 73,407
Court costs	241,702	252,221
Total revenues	<u>307,370</u>	<u>325,628</u>
Expenditures		
Current operations		
Municipal court		
Personal services	5,376	0
Total	<u>5,376</u>	<u>0</u>
Capital outlays	571	32,817
Total expenditures	<u>5,947</u>	<u>32,817</u>
Excess of revenues over expenditures	301,423	292,811
Fund balances, beginning of year	<u>1,231,742</u>	<u>938,931</u>
Fund balances, end of year	<u>\$ 1,533,165</u>	<u>\$ 1,231,742</u>

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

THE CITY OF HOOVER, ALABAMA
Court and Corrections Special Revenue Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Investment income	\$ 60,000	\$ 65,668	\$ 5,668	\$ 30,000	\$ 73,407	\$ 43,407
Court costs	250,000	241,702	(8,298)	250,000	252,221	2,221
Total revenues	<u>310,000</u>	<u>307,370</u>	<u>(2,630)</u>	<u>280,000</u>	<u>325,628</u>	<u>45,628</u>
Expenditures						
Current operations						
Municipal court						
Personal services	0	5,376	(5,376)	0	0	0
Total	0	5,376	(5,376)	0	0	
Capital outlays	0	571	(571)	0	32,817	(32,817)
Total expenditures	<u>0</u>	<u>5,947</u>	<u>(5,947)</u>	<u>0</u>	<u>32,817</u>	<u>(32,817)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 310,000</u>	<u>301,423</u>	<u>\$ (8,577)</u>	<u>\$ 280,000</u>	<u>292,811</u>	<u>\$ 12,811</u>
Fund balances, beginning of year		<u>1,231,742</u>			<u>938,931</u>	
Fund balances, end of year		<u>\$ 1,533,165</u>			<u>\$ 1,231,742</u>	

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

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Capital Projects Fund accounts for budgeted transfers from the General Fund generally for the acquisition or construction of major capital projects.

GOW Capital Projects Fund accounts for capital expenditures from the proceeds of long term borrowing in fiscal years 2001 and 2000.

Library Capital Projects Fund accounts for capital expenditures from the proceeds of long term borrowings for the expansion of the library.

Other Capital Projects Fund accounts for engineering costs that are related to capital expenditures that are reimbursed by other governmental agencies.

THE CITY OF HOOVER, ALABAMA
Capital Projects Funds
Combining Balance Sheet
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>Capital Projects</u>	<u>GOW Capital Projects</u>	<u>Library Capital Projects</u>	<u>Other Capital Projects</u>	<u>Totals</u>	
					<u>2001</u>	<u>(Restated) 2000</u>
Assets						
Pooled cash and investments	\$ 9,495,370	\$ 1,771,819	\$ 202,249	\$ 34,663	11,504,101	\$ 21,191,041
Due from other governments	39,521	0	0	299,516	339,037	0
Total assets	<u>\$ 9,534,891</u>	<u>\$ 1,771,819</u>	<u>\$ 202,249</u>	<u>\$ 334,179</u>	<u>11,843,138</u>	<u>\$ 21,191,041</u>
Liabilities and fund balances						
Liabilities						
Bank overdraft	\$ 0	\$ 0	\$ 0	\$ 206,403	206,403	\$ 0
Accounts payable	85,283	331,892	251,399	100,801	769,375	1,360,595
Due to other funds	0	0	0	0	0	0
Total liabilities	85,283	331,892	251,399	307,204	975,778	1,360,595
Fund balances						
Unreserved (deficit)	9,449,608	1,439,927	(49,150)	26,975	10,867,360	19,830,446
Total liabilities and fund balances	<u>\$ 9,534,891</u>	<u>\$ 1,771,819</u>	<u>\$ 202,249</u>	<u>\$ 334,179</u>	<u>11,843,138</u>	<u>\$ 21,191,041</u>

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

THE CITY OF HOOVER, ALABAMA
Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with the comparative totals for the fiscal year ended September 30, 2000)

	Capital Projects	GOW Capital Projects	Library Capital Projects	Other Capital Projects	Totals	
					2001	(Restated) 2000
Revenues						
Intergovernmental	\$ 39,522	\$ 0	\$ 0	\$ 591,884	\$ 631,406	\$ 0
Investment income	49,249	391,548	58,606	0	499,403	1,149,054
Other	750,000	0	0	0	750,000	0
Total revenues	<u>838,771</u>	<u>391,548</u>	<u>58,606</u>	<u>591,884</u>	<u>1,880,809</u>	<u>1,149,054</u>
Expenditures						
General government						
Other	1,615	8,600	0	0	10,215	0
Streets and sanitation						
Other	0	0	0	46,650	46,650	0
Recreation						
Other	299,377	0	0	0	299,377	0
Library						
Other	0	0	59,570	0	59,570	0
Total	<u>300,992</u>	<u>8,600</u>	<u>59,570</u>	<u>46,650</u>	<u>415,812</u>	<u>0</u>
Capital outlays	1,811,528	8,421,371	206,014	567,442	11,006,355	9,937,064
Other expenditures	0	0	151,399	0	151,399	55,548
Debt service						
Interest and fiscal charges	0	0	0	0	0	321,228
Total expenditures	<u>2,112,520</u>	<u>8,429,971</u>	<u>416,983</u>	<u>614,092</u>	<u>11,573,566</u>	<u>10,313,840</u>
Deficiency of revenues under expenditures	<u>(1,273,749)</u>	<u>(8,038,423)</u>	<u>(358,377)</u>	<u>(22,208)</u>	<u>(9,692,757)</u>	<u>(9,164,786)</u>
Other financing sources (uses)						
Operating transfers in	7,100,000	0	0	52,157	7,152,157	2,310,400
Operating transfers out	(27,318)	(4,262,233)	(2,129,961)	(2,974)	(6,422,486)	(500,000)
Proceeds of general obligation warrants	0	0	0	0	0	25,569,569
Total other financing sources (uses)	<u>7,072,682</u>	<u>(4,262,233)</u>	<u>(2,129,961)</u>	<u>49,183</u>	<u>729,671</u>	<u>27,379,969</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>5,798,933</u>	<u>(12,300,656)</u>	<u>(2,488,338)</u>	<u>26,975</u>	<u>(8,963,086)</u>	<u>18,215,183</u>
Fund balances, beginning of year	<u>3,650,675</u>	<u>13,740,583</u>	<u>2,439,188</u>	<u>0</u>	<u>19,830,446</u>	<u>1,615,263</u>
Fund balances (deficit), end of year	<u>\$ 9,449,608</u>	<u>\$ 1,439,927</u>	<u>\$ (49,150)</u>	<u>\$ 26,975</u>	<u>\$ 10,867,360</u>	<u>\$ 19,830,446</u>

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

THE CITY OF HOOVER, ALABAMA
Capital Projects Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>(Restated) 2000</u>
Assets		
Pooled cash and investments	\$ 9,495,370	\$ 4,282,475
Due from other governments	<u>39,521</u>	<u>0</u>
Total assets	<u>\$ 9,534,891</u>	<u>\$ 4,282,475</u>
 Liabilities and fund balances		
Liabilities		
Accounts payable	\$ 85,283	\$ 631,800
 Fund balances		
Unreserved	<u>9,449,608</u>	<u>3,650,675</u>
Total liabilities and fund balances	<u>\$ 9,534,891</u>	<u>\$ 4,282,475</u>

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

THE CITY OF HOOVER, ALABAMA
Capital Projects Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	2001	(Restated) 2000
Revenues		
Intergovernmental	\$ 39,522	\$ 0
Investment income	49,249	83,237
Other	750,000	0
Total revenues	838,771	83,237
Expenditures		
General government		
Other	1,615	0
Streets and sanitation		
Other	0	0
Recreation		
Other	299,377	0
Library		
Other	0	0
Capital outlays	1,811,528	0
Administrative	0	885,464
Total expenditures	2,112,520	885,464
Deficiency of revenues under expenditures	(1,273,749)	(802,227)
Other financing sources (uses)		
Operating transfers in	7,100,000	1,810,400
Operating transfers out	(27,318)	0
Proceeds of general obligation warrants	0	0
Total other financing sources (uses)	7,072,682	1,810,400
Excess of revenues and other financing sources over expenditures	5,798,933	1,008,173
Fund balances, beginning of year	3,650,675	2,642,502
Fund balances, end of year	\$ 9,449,608	\$ 3,650,675

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

THE CITY OF HOOVER, ALABAMA
GOW Capital Projects Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>(Restated) 2000</u>
Assets		
Pooled cash and investments	\$ <u>1,771,819</u>	\$ <u>13,972,330</u>
Total assets	\$ <u>1,771,819</u>	\$ <u>13,972,330</u>
 Liabilities and fund balances		
Liabilities		
Accounts payable	\$ <u>331,892</u>	\$ <u>231,747</u>
Total liabilities	331,892	231,747
 Fund balances		
Unreserved	<u>1,439,927</u>	<u>13,740,583</u>
Total liabilities and fund balances	\$ <u>1,771,819</u>	\$ <u>13,972,330</u>

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

THE CITY OF HOOVER, ALABAMA
GOW Capital Projects Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001</u>	<u>(Restated) 2000</u>
Revenues		
Intergovernmental	\$ 0	\$ 0
Investment income	391,548	761,864
Other	0	0
Total revenues	<u>391,548</u>	<u>761,864</u>
Expenditures		
General government		
Other	8,600	0
Streets and sanitation		
Other	0	0
Recreation		
Other	0	0
Library		
Other	0	0
Capital outlays	8,421,371	
Administrative	0	5,524,515
Total	<u>8,429,971</u>	<u>5,524,515</u>
Debt service		
Interest and fiscal charges	0	318,614
Total expenditures	<u>8,429,971</u>	<u>5,843,129</u>
Deficiency of revenues under expenditures	<u>(8,038,423)</u>	<u>(5,081,265)</u>
Other financing sources (uses)		
Operating transfers in	0	0
Operating transfers out	(4,262,233)	(500,000)
Proceeds of general obligation warrants	0	25,569,569
Total other financing sources (uses)	<u>(4,262,233)</u>	<u>25,069,569</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(12,300,656)	19,988,304
Fund balances (deficit), beginning of year	<u>13,740,583</u>	<u>(6,247,721)</u>
Fund balances, end of year	<u>\$ 1,439,927</u>	<u>\$ 13,740,583</u>

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

THE CITY OF HOOVER, ALABAMA
Library Capital Projects Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>(Restated)</u> <u>2000</u>
Assets		
Pooled cash and investments	\$ <u>202,249</u>	\$ <u>2,936,236</u>
Total assets	\$ <u>202,249</u>	\$ <u>2,936,236</u>
 Liabilities and fund balances		
Liabilities		
Accounts payable	\$ 251,399	\$ 497,048
 Fund balances		
Unreserved (deficit)	<u>(49,150)</u>	<u>2,439,188</u>
Total liabilities and fund balances	\$ <u>202,249</u>	\$ <u>2,936,236</u>

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

THE CITY OF HOOVER, ALABAMA
Library Capital Projects Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	2001	(Restated) 2000
Revenues		
Investment income	\$ 58,606	\$ 303,953
Expenditures		
General government		
Other	0	0
Streets and sanitation		
Other	0	0
Recreation		
Other	0	0
Library		
Other	59,570	0
Capital outlays	206,014	
Administrative	0	3,527,085
Other expenditures	151,399	55,548
Total	416,983	3,582,633
Debt service		
Interest and fiscal charges	0	2,614
Total expenditures	416,983	3,585,247
 Deficiency of revenues under expenditures	 (358,377)	 (3,281,294)
 Other financing sources (uses)		
Operating transfers in	0	500,000
Operating transfers out	(2,129,961)	0
 Total other financing sources (uses)	 (2,129,961)	 500,000
 Excess (deficiency) of revenues and other financing sources over (under) expenditures	 (2,488,338)	 (2,781,294)
 Fund balances, beginning of year	 2,439,188	 5,220,482
 Fund balances (deficit), end of year	 \$ (49,150)	 \$ 2,439,188

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

THE CITY OF HOOVER, ALABAMA
Other Capital Projects Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001*</u>	<u>2000</u>
Assets		
Pooled cash and investments	\$ 34,663	\$ 0
Due from other governments	<u>299,516</u>	<u>0</u>
Total assets	<u>\$ 334,179</u>	<u>\$ 0</u>
 Liabilities and fund balances		
Liabilities		
Bank overdraft	\$ 206,403	\$ 0
Accounts payable	100,801	0
Due to other funds	<u>0</u>	<u>0</u>
Total liabilities	<u>307,204</u>	<u>0</u>
 Fund balances		
Unreserved (deficit)	<u>26,975</u>	<u>0</u>
Total liabilities and fund balances	<u>\$ 334,179</u>	<u>\$ 0</u>

* - The Other Capital Projects Fund was created in 2001.

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

THE CITY OF HOOVER, ALABAMA
Other Capital Projects Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001*</u>	<u>2000</u>
Revenues		
Intergovernmental	\$ 591,884	\$ 0
Investment income	0	0
Other	0	0
Total revenues	<u>591,884</u>	<u>0</u>
Expenditures		
General government		
Other	0	0
Streets and sanitation		
Other	46,650	0
Recreation		
Other	0	0
Library		
Other	0	0
Capital outlays	567,442	0
Administrative	0	0
Total	<u>614,092</u>	<u>0</u>
Debt service		
Interest and fiscal charges	0	0
Total expenditures	<u>614,092</u>	<u>0</u>
Deficiency of revenues under expenditures	<u>(22,208)</u>	<u>0</u>
Other financing sources (uses)		
Operating transfers in	52,157	0
Operating transfers out	(2,974)	0
Proceeds of general obligation warrants	0	0
Total other financing sources (uses)	<u>49,183</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	26,975	0
Fund balances (deficit), beginning of year	<u>0</u>	<u>0</u>
Fund balances (deficit), end of year	<u>\$ 26,975</u>	<u>\$ 0</u>

* - The Other Capital Projects Fund was created in 2001.

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

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ENTERPRISE FUND

An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent of the City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes.

The Sewer Enterprise Fund accounts for the sewer services to the Riverchase, Southlake, and Inverness communities. All activities necessary to provide such services are accounted for in this fund. This is the City's only enterprise fund.

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THE CITY OF HOOVER, ALABAMA
Sewer Enterprise Fund
Comparative Balance Sheets
September 30, 2001
(with comparative totals for September 30, 2000)

Assets	<u>2001</u>	<u>2000</u>
Current assets		
Pooled cash and investments	\$ 0	\$ 55,164
Accounts receivable	195,176	191,251
Due from other funds	691,515	0
Warrant proceeds receivable	2,166,533	9,558,879
Total current assets	<u>3,053,224</u>	<u>9,805,294</u>
Property, plant and equipment		
Equipment	532,868	458,764
Land	1,664,800	1,664,800
Sewage treatment plants	16,949,741	9,236,466
Construction in progress	9,781,342	9,178,955
	<u>28,928,751</u>	<u>20,538,985</u>
Less accumulated depreciation	6,285,699	5,878,640
Net property plant and equipment	<u>22,643,052</u>	<u>14,660,345</u>
Other assets	<u>258,113</u>	<u>448,496</u>
Total assets	<u>\$ 25,954,389</u>	<u>\$ 24,914,135</u>
Liabilities and equity		
Current liabilities		
Bank overdraft	\$ 781,456	\$ 0
Accounts payable	548,547	56,345
Accounts payable - construction in progress	184,613	444,429
Refundable deposits	0	5,000
Due to other funds	691,515	596,388
Accrued expenses	12,400	9,401
Total current liabilities	<u>2,218,531</u>	<u>1,111,563</u>
Long-term liabilities		
General obligation warrants	<u>17,770,000</u>	<u>18,070,000</u>
Total liabilities	<u>19,988,531</u>	<u>19,181,563</u>
Equity		
Contributed capital		
Government	4,250,000	4,250,000
Customers	2,837,392	2,632,649
Developers	1,839,835	1,839,835
Total contributed capital	<u>8,927,227</u>	<u>8,722,484</u>
Retained earnings (deficit)	(2,961,369)	(2,989,912)
Total equity	<u>5,965,858</u>	<u>5,732,572</u>
Total liabilities and equity	<u>\$ 25,954,389</u>	<u>\$ 24,914,135</u>

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

THE CITY OF HOOVER, ALABAMA
Sewer Enterprise Fund
Comparative Statements of Revenues, Expenses,
and Changes in Retained Earnings
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001</u>	<u>2000</u>
Operating revenues		
Charges for services	\$ 1,854,584	\$ 1,766,727
Operating expenses		
Depreciation	407,059	338,990
Management fees	455,550	409,689
Repairs and maintenance	217,362	185,434
Utilities	213,912	187,661
Personal services	72,275	64,415
Collection fees	63,198	54,466
Supplies	102,460	95,739
Telephone	11,418	12,660
Engineering fees	278,179	129,434
Total operating expenses	<u>1,821,413</u>	<u>1,478,488</u>
Operating income (loss)	<u>33,171</u>	<u>288,239</u>
Non-operating revenues (expenses)		
Investment income	10,935	41,362
Fiscal charges	<u>(15,563)</u>	<u>(12,351)</u>
Total non-operating revenues (expenses)	<u>(4,628)</u>	<u>29,011</u>
Net income (loss)	28,543	317,250
Retained earnings (deficit), beginning of year	<u>(2,989,912)</u>	<u>(3,307,162)</u>
Retained earnings (deficit), end of year	<u>\$ (2,961,369)</u>	<u>\$ (2,989,912)</u>

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

THE CITY OF HOOVER, ALABAMA
Sewer Enterprise Fund
Comparative Statements of Cash Flows
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities		
Cash received from customers	\$ 1,845,660	\$ 1,743,476
Cash payments to suppliers	(394,327)	(673,111)
Cash payments to management companies	(455,550)	(409,689)
Cash payments to employees	(69,277)	(65,000)
Net cash provided by operating activities	<u>926,506</u>	<u>595,676</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(8,127,031)	(9,318,732)
Capital contributed by consumers	204,743	192,333
Proceeds from warrants	7,044,615	7,641,121
Payments of warrants	(300,000)	0
Increase in bank overdraft	781,456	0
Loans from other funds	(596,388)	455,410
Net cash (used) by capital and related financing activities	<u>(992,605)</u>	<u>(1,029,868)</u>
Cash flows from investing activities		
Investment income	10,935	41,362
Net cash provided by investing activities	<u>10,935</u>	<u>41,362</u>
Net increase (decrease) in pooled cash and investments	(55,164)	(392,830)
Pooled cash and investments, beginning of year	<u>55,164</u>	<u>447,994</u>
Pooled cash and investments, end of year	\$ <u>0</u>	\$ <u>55,164</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 33,171	\$ 288,239
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation and amortization	407,059	338,990
Change in assets and liabilities		
(Increase) in accounts receivable	(3,925)	(23,251)
Decrease in inventory	0	3,100
Increase (decrease) in accrued expenses	2,999	(585)
Increase (decrease) in refundable deposits	(5,000)	0
Increase (decrease) in accounts payable	492,202	(10,817)
Net cash provided by operating activities	<u>\$ 926,506</u>	<u>\$ 595,676</u>

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

THE CITY OF HOOVER, ALABAMA
Sewer Enterprise Fund
Comparative Statements of Cash Flows (Continued)
For the fiscal year ended September 30, 2001

Noncash Investing, Capital and Financing Activities

Net proceeds for the sale of warrants in 2000 in the amount of \$9,200,000 were retained by the State of Alabama. The proceeds are transferred to the City as construction expenditures are incurred.

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

INTERNAL SERVICE FUND

An internal service fund is used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. A fleet services fund is maintained to account for the repairs and maintenance of all city vehicles.

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THE CITY OF HOOVER, ALABAMA
Fleet Service Fund
Comparative Balance Sheets
September 30, 2001
 (with comparative totals for September 30, 2000)

Assets	<u>2001</u>	<u>2000</u>
Current assets		
Pooled cash and investments	\$ 100	\$ 100
Inventory	<u>29,699</u>	<u>26,177</u>
Total current assets	<u>29,799</u>	<u>26,277</u>
Fixed assets - net of depreciation	<u>116,061</u>	<u>133,920</u>
Total assets	<u>\$ 145,860</u>	<u>\$ 160,197</u>
Liabilities and fund equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 16,917	\$ 12,729
Due to other funds	<u>12,721</u>	<u>12,721</u>
Total current liabilities	<u>29,638</u>	<u>25,450</u>
Fund Equity		
Retained earnings	70,643	89,168
Contributed capital	<u>45,579</u>	<u>45,579</u>
Total fund equity	<u>116,222</u>	<u>134,747</u>
Total liabilities and fund equity	<u>\$ 145,860</u>	<u>\$ 160,197</u>

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

THE CITY OF HOOVER, ALABAMA
Fleet Service Fund
Comparative Statements of Revenues, Expenses,
and Changes in Retained Earnings
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001</u>	<u>2000</u>
Operating revenues		
Charges for services	\$ 441,898	\$ 445,042
Operating expenses		
Personal services	328,495	257,242
Supplies	43,669	40,041
Depreciation	42,859	32,324
Insurance	26,680	19,058
Utilities	11,812	10,018
Telephone	2,948	3,716
Travel	3,570	2,740
Miscellaneous	390	449
Total operating expenses	<u>460,423</u>	<u>365,588</u>
Net income (loss)	(18,525)	79,454
Retained earnings, beginning of year	<u>89,168</u>	<u>9,714</u>
Retained earnings, end of year	<u>\$ 70,643</u>	<u>\$ 89,168</u>

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

THE CITY OF HOOVER, ALABAMA
Fleet Service Fund
Comparative Statements of Cash Flows
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities		
Cash received from customers	\$ 441,898	\$ 445,042
Cash payments to suppliers	(91,859)	(82,255)
Cash payments to employees	<u>(325,039)</u>	<u>(254,382)</u>
Net cash provided (used) by operating activities	<u>25,000</u>	<u>108,405</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(25,000)	(108,405)
Capital contributed by city	<u>0</u>	<u>0</u>
Net cash (used) by capital and related financing activities	<u>(25,000)</u>	<u>(108,405)</u>
Net increase in pooled cash and investments	0	0
Pooled cash and investments, beginning of year	<u>100</u>	<u>100</u>
Pooled cash and investments, end of year	<u>\$ 100</u>	<u>\$ 100</u>
Reconciliation of operating loss to net cash provided (used) by operating activities		
Operating income (loss)	\$ (18,525)	\$ 79,454
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	42,859	32,324
Change in assets and liabilities		
(Increase) in inventory	(3,522)	(6,263)
Increase in accrued expenses	3,456	2,860
Increase in accounts payable	<u>732</u>	<u>30</u>
Net cash provided (used) by operating activities	<u>\$ 25,000</u>	<u>\$ 108,405</u>

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets are assets of the City which possess three attributes: (1) a tangible nature; (2) a life longer than the year of acquisition; and (3) a significant value. The significant value test is important because governmental units will have many individual assets which are tangible and long-lived but whose value is so small that the time and expense of maintaining detailed accounting and inventory records on them is not justified.

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THE CITY OF HOOVER, ALABAMA
Comparative Schedules of General Fixed Assets by Source
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>2000</u>
General fixed assets		
Land	\$ 11,581,324	\$ 8,286,326
Buildings	18,058,660	14,077,239
Improvements other than buildings	1,350,932	1,287,654
Equipment and vehicles	<u>14,620,321</u>	<u>17,060,177</u>
Total general fixed assets	<u>\$ 45,611,237</u>	<u>\$ 40,711,396</u>
Investment in general fixed assets		
General obligation warrants	\$ 24,412,004	\$ 17,041,829
Long-term notes payable	399,334	399,334
Federal grants	1,320,518	1,320,518
General revenues	15,423,783	17,894,117
Donations and annexations	<u>4,055,598</u>	<u>4,055,598</u>
Total investments in general fixed assets	<u>\$ 45,611,237</u>	<u>\$ 40,711,396</u>

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

THE CITY OF HOOVER, ALABAMA
Schedule of General Fixed Assets by Function and Activity
September 30, 2001

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Equipment and Vehicles</u>	<u>Total</u>
General government					
Administration	\$ 11,581,324	\$ 10,887,953	\$ 1,228,335	\$ 2,662,829	\$ 26,360,441
Municipal garage	0	254,493	0	0	254,493
Total general government	<u>11,581,324</u>	<u>11,142,446</u>	<u>1,228,335</u>	<u>2,662,829</u>	<u>26,614,934</u>
Public safety					
Police	0	164,712	0	3,736,031	3,900,743
Fire	0	6,194,338	46,007	5,296,176	11,536,521
Inspection	0	48,179	0	302,055	350,234
Total public safety	<u>0</u>	<u>6,407,229</u>	<u>46,007</u>	<u>9,334,262</u>	<u>15,787,498</u>
Municipal court	<u>0</u>	<u>0</u>	<u>0</u>	<u>152,165</u>	<u>152,165</u>
Streets and sanitation	<u>0</u>	<u>508,985</u>	<u>76,590</u>	<u>2,471,065</u>	<u>3,056,640</u>
Health	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total general fixed assets allocated to function and activities	<u>\$ 11,581,324</u>	<u>\$ 18,058,660</u>	<u>\$ 1,350,932</u>	<u>\$ 14,620,321</u>	<u>\$ 45,611,237</u>

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

THE CITY OF HOOVER, ALABAMA
Schedule of Changes in General Fixed Assets by Function and Activity
For the fiscal year ended September 30, 2001

<u>Function and Activity</u>	<u>General Fixed Assets October 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets September 30, 2001</u>
General government				
Administration	\$ 20,077,792	7,435,664	1,153,015	\$ 26,360,441
Municipal garage	254,493	0	0	254,493
Total general government	<u>20,332,285</u>	<u>7,435,664</u>	<u>1,153,015</u>	<u>26,614,934</u>
Public safety				
Police	4,601,842	743,002	1,444,101	3,900,743
Fire	11,942,813	331,793	738,085	11,536,521
Inspection	453,715	0	103,481	350,234
Total public safety	<u>16,998,370</u>	<u>1,074,795</u>	<u>2,285,667</u>	<u>15,787,498</u>
Municipal court	<u>194,713</u>	<u>0</u>	<u>42,548</u>	<u>152,165</u>
Streets and sanitation	<u>3,186,028</u>	<u>83,693</u>	<u>213,081</u>	<u>3,056,640</u>
Total general fixed assets	\$ <u>40,711,396</u>	\$ <u>8,594,152</u>	\$ <u>3,694,311</u>	\$ <u>45,611,237</u>

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

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GENERAL LONG-TERM DEBT ACCOUNT GROUP

General obligation warrants and other forms of long-term debt supported by general revenues are obligations of the City as a whole and not its individual constituent funds. In addition, the proceeds of such debt may be spent on facilities, which are utilized in the operations of several funds. Moreover, since the budgetary requirements of other funds usually require the allocation of resources on a twelve month cycle, long-term obligations should be separated from funds that contain current assets and current liabilities. For these reasons, the amount of unmatured long-term indebtedness which is backed by the full faith and credit of the City is presented in a separate self-balancing account group titled "General Long-Term Debt Account Group." This account group includes general obligation warrants, bonds and other obligations, which have a maturity of more than one year.

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THE CITY OF HOOVER, ALABAMA
Comparative Schedules of General Long-Term Debt
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>2000</u>
Amounts available and to be provided for the payment of general long-term debt		
Amount to be provided from General Fund revenues	\$ <u>84,853,439</u>	\$ <u>87,429,589</u>
Total available and to be provided	\$ <u><u>84,853,439</u></u>	\$ <u><u>87,429,589</u></u>
General long-term debt		
General obligation warrants payable	\$ 79,935,000	\$ 83,160,000
Claims and judgements payable	508,634	219,849
Accrued compensated leave	<u>4,409,805</u>	<u>4,049,740</u>
Total general long-term debt	\$ <u><u>84,853,439</u></u>	\$ <u><u>87,429,589</u></u>

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

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DISCRETELY PRESENTED COMPONENT UNITS

Component units are separate legal entities for which the elected officials of the City are financially accountable. In addition there may be other organizations for which the nature and significance of their relationship with the City are such that they are included to ensure that the City's financial statements are not misleading or incomplete. Discrete presentation entails reporting component unit data in a separate column on the combined financial statements in order to emphasize that the component units are legally separate from the City and to allow users to distinguish between the City and its component units.

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Units
Combining Balance Sheet
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>Board of Education</u>	<u>Park and Recreation Board</u>	<u>Library Board</u>
Assets and other debits			
Assets			
Pooled cash and investments	\$ 71,725,527	210,254	50,447
Other receivables	0	56,108	0
Due from other governments			
County	1,962,054	0	0
Federal	258,303	0	0
Due from other funds	34,346,289	0	0
Inventory	177,116	0	0
Prepaid expenditures	6,227	0	0
Fixed assets	200,540,713	47,495,979	11,567,761
Other debits			
Amount to be provided for retirement of general long-term debt	162,661,988	0	0
Total assets and other debits	\$ 471,678,217	\$ 47,762,341	\$ 11,618,208
Liabilities, equity and other credits			
Liabilities			
Accounts payable and accrued liabilities	\$ 6,155,904	\$ 128,855	\$ 117,297
Dues to other funds	34,346,289	0	0
Notes, capital leases and accrued compensation payable	2,806,988	0	0
General obligation warrants payable	159,855,000	0	0
Total liabilities	203,164,181	128,855	117,297
Equity and other credits			
Investment in general fixed assets	200,540,713	47,495,979	11,567,761
Fund balances			
Reserved for inventory and prepaids	183,343	0	0
Reserved for capital outlay	34,350,965	0	0
Reserved for encumbrances	1,616,098	0	0
Unreserved, undesignated (deficit)	31,822,917	137,507	(66,850)
Total equity and other credits	268,514,036	47,633,486	11,500,911
Total liabilities, equity and other credits	\$ 471,678,217	\$ 47,762,341	\$ 11,618,208

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

Totals	
<u>2001</u>	<u>2000</u>
\$ 71,986,228	\$ 52,973,637
56,108	71,338
1,962,054	2,019,240
258,303	96,076
34,346,289	24,599,256
177,116	124,284
6,227	8,624
259,604,453	238,579,646
<u>162,661,988</u>	<u>135,378,938</u>
<u>\$ 531,058,766</u>	<u>\$ 453,851,039</u>
\$ 6,402,056	\$ 7,086,933
34,346,289	24,599,256
2,806,988	2,963,939
159,855,000	132,415,000
<u>203,410,333</u>	<u>167,065,128</u>
259,604,453	238,579,646
183,343	132,908
34,350,965	35,282,811
1,616,098	740,490
31,893,574	12,050,057
<u>327,648,433</u>	<u>286,785,912</u>
<u>\$ 531,058,766</u>	<u>\$ 453,851,040</u>

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

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Units
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	<u>Board of Education</u>	<u>Park and Recreation Board</u>	<u>Library Board</u>
Revenues			
Licenses and permits	\$ 0	\$ 560,579	\$ 0
Intergovernmental	94,437,480	0	195,848
Fines and forfeits	0	0	80,017
Investment income	0	0	2,673
Stadium lease	0	218,322	0
Other	1,075,989	354,044	93,547
Total revenues	<u>95,513,469</u>	<u>1,132,945</u>	<u>372,085</u>
Expenditures			
Current operations			
General government	2,715,101	0	0
Recreation	0	4,057,333	0
Library	0	0	3,241,499
Instructional services	43,975,639	0	0
Instructional support services	10,059,599	0	0
Operation and maintenance	9,094,114	0	0
Auxiliary services	8,590,022	0	0
Other	2,392,192	0	0
Total	<u>76,826,667</u>	<u>4,057,333</u>	<u>3,241,499</u>
Capital outlays	26,940,496	3,039,299	2,243,637
Debt service			
Principal	62,759,385	0	0
Interest and fiscal charges	7,789,675	0	0
Total expenditures	<u>174,316,223</u>	<u>7,096,632</u>	<u>5,485,136</u>
Deficiency of revenues under expenditures	<u>(78,802,754)</u>	<u>(5,963,687)</u>	<u>(5,113,051)</u>
Other financing sources			
Operating transfers in - primary government	8,754,896	5,941,287	5,011,995
Proceeds of general obligation warrants, notes payable and capital leases	90,009,028	0	0
Total other financing sources	<u>98,763,924</u>	<u>5,941,287</u>	<u>5,011,995</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	19,961,170	(22,400)	(101,056)
Fund balances, beginning of year	<u>48,012,153</u>	<u>159,907</u>	<u>34,206</u>
Fund balances (deficit), end of year	<u>\$ 67,973,323</u>	<u>\$ 137,507</u>	<u>\$ (66,850)</u>

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

Totals	
<u>2001</u>	<u>2000</u>
\$ 560,579	\$ 523,495
94,633,328	91,255,662
80,017	81,265
2,673	3,579
218,322	200,000
1,523,580	1,013,114
<u>97,018,499</u>	<u>93,077,115</u>
2,715,101	2,641,803
4,057,333	3,646,454
3,241,499	2,862,067
43,975,639	38,665,743
10,059,599	8,520,955
9,094,114	7,335,471
8,590,022	8,513,446
2,392,192	1,786,968
<u>84,125,499</u>	<u>73,972,907</u>
32,223,432	49,100,645
62,759,385	2,886,224
7,789,675	6,518,917
<u>186,897,991</u>	<u>132,478,693</u>
<u>(89,879,492)</u>	<u>(39,401,578)</u>
19,708,178	12,641,300
90,009,028	0
<u>109,717,206</u>	<u>12,641,300</u>
19,837,714	(26,760,278)
<u>48,206,266</u>	<u>74,966,544</u>
\$ <u>68,043,980</u>	\$ <u>48,206,266</u>

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

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**PARKS AND RECREATION BOARD
OF THE CITY OF HOOVER**

(A DISCRETELY PRESENTED COMPONENT UNIT)

The following presentation of the individual fund type and account group data of the Parks and Recreation Board of the City of Hoover is provided because the Parks and Recreation Board does not issue complete financial statements separately from the City's Comprehensive Annual Financial Report.

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THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Unit - Parks and Recreation Board
Combined Balance Sheets
All Fund Types and Account Groups
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>Governmental</u>	<u>Account</u>	<u>Totals</u>	
	<u>Fund Types</u>	<u>Groups</u>	<u>(Memorandum Only)</u>	
	<u>General</u>	<u>General</u> <u>Fixed assets</u>	<u>2001</u>	<u>2000</u>
Assets				
Pooled cash and investments	\$ 210,254	\$ 0	\$ 210,254	\$ 201,243
Other receivables	56,108	0	56,108	71,338
Fixed assets	<u>0</u>	<u>47,495,979</u>	<u>47,495,979</u>	<u>44,879,226</u>
Total assets	<u>\$ 266,362</u>	<u>\$ 47,495,979</u>	<u>\$ 47,762,341</u>	<u>\$ 45,151,807</u>
Liabilities, equity and other credits				
Liabilities				
Accounts payable	\$ 30,914	\$ 0	\$ 30,914	\$ 38,278
Accrued liabilities	97,941	0	97,941	74,396
Total liabilities	<u>128,855</u>	<u>0</u>	<u>128,855</u>	<u>112,674</u>
Equity and other credits				
Investment in general fixed assets	0	47,495,979	47,495,979	44,879,226
Fund balances				
Unreserved, undesignated	<u>137,507</u>	<u>0</u>	<u>137,507</u>	<u>159,907</u>
Total equity and other credits	<u>137,507</u>	<u>47,495,979</u>	<u>47,633,486</u>	<u>45,039,133</u>
Total liabilities, equity and other credits	<u>\$ 266,362</u>	<u>\$ 47,495,979</u>	<u>\$ 47,762,341</u>	<u>\$ 45,151,807</u>

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

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Units - Parks and Recreation Board
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	Governmental Fund Types	
	General	
	2001	2000
Revenues		
Licenses and permits	\$ 560,579	\$ 523,495
Stadium lease	218,322	200,000
Other	354,044	378,917
Total revenues	<u>1,132,945</u>	<u>1,102,412</u>
Expenditures		
Current operations		
Recreation		
Personal services	2,572,632	2,337,263
Other	1,484,701	1,309,191
Total	<u>4,057,333</u>	<u>3,646,454</u>
Capital outlays	3,039,299	176,990
Total expenditures	<u>7,096,632</u>	<u>3,823,444</u>
Deficiency of revenues under expenditures	(5,963,687)	(2,721,032)
Other financing sources		
Operating transfers in - primary government	<u>5,941,287</u>	<u>2,796,449</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(22,400)	75,417
Fund balances, beginning of year	<u>159,907</u>	<u>84,490</u>
Fund balances, end of year	<u>\$ 137,507</u>	<u>\$ 159,907</u>

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

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Units - Parks and Recreation Board
Comparative Schedules of General Fixed Assets by Source
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>2000</u>
General fixed assets		
Land	\$ 14,442,905	\$ 14,442,905
Buildings	24,458,867	24,408,847
Improvements other than buildings	4,184,877	4,203,488
Equipment and vehicles	1,557,026	1,690,478
Construction in progress	2,852,304	133,508
Total general fixed assets	<u>\$ 47,495,979</u>	<u>\$ 44,879,226</u>
Investment in general fixed assets		
General obligation warrants	\$ 26,601,289	\$ 23,839,056
Long-term notes payable	500,000	500,000
Capital leases payable	93,500	93,500
Parks and Recreation Board bond	427,146	427,146
General revenues	15,446,984	15,592,464
Donations and annexations	873,665	873,665
Donations from primary government	3,553,395	3,553,395
Total investment in general fixed assets	<u>\$ 47,495,979</u>	<u>\$ 44,879,226</u>

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

THE CITY OF HOOVER, ALABAMA
Discretely presented Component Unit - Parks and Recreation Board
Schedule of General Fixed Assets by Function and Activity
September 30, 2001

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Equipment and Vehicles</u>	<u>Construction in Progress</u>	<u>Total</u>
Recreation	\$ 14,442,905	\$ 24,458,867	\$ 4,184,877	\$ 1,557,026	\$ 2,852,304	\$ 47,495,979
Total general fixed assets allocated to functions and activities	<u>\$ 14,442,905</u>	<u>\$ 24,458,867</u>	<u>\$ 4,184,877</u>	<u>\$ 1,557,026</u>	<u>\$ 2,852,304</u>	<u>\$ 47,495,979</u>

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

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Unit - Parks and Recreation Board
Schedule of Changes in General Fixed Assets by Function and Activity
For the fiscal year ended September 30, 2001

<u>Function and Activity</u>	<u>General Fixed Assets October 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets September 30, 2001</u>
Recreation	\$ <u>44,879,226</u>	\$ <u>3,049,948</u>	\$ <u>433,195</u>	\$ <u>47,495,979</u>
Total general fixed assets	\$ <u><u>44,879,226</u></u>	\$ <u><u>3,049,948</u></u>	\$ <u><u>433,195</u></u>	\$ <u><u>47,495,979</u></u>

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

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THE CITY OF HOOVER PUBLIC LIBRARY BOARD
(A DISCRETELY PRESENTED COMPONENT UNIT)

The following presentation of the individual fund type and account group data of the City of Hoover Public Library Board is provided because the Library Board does not issue complete financial statements separately from the City's Comprehensive Annual Financial Report.

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THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Unit - Library Board
Combined Balance Sheets
All Fund Types and Account Groups
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>Governmental</u> <u>Fund Types</u>	<u>Account</u> <u>Groups</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>General</u>	<u>General</u> <u>Fixed assets</u>	<u>2001</u>	<u>2000</u>
Assets				
Pooled cash and investments	\$ 50,447	\$ 0	\$ 50,447	\$ 98,273
Fixed assets	<u>0</u>	<u>11,567,761</u>	<u>11,567,761</u>	<u>9,853,517</u>
Total assets	<u>\$ 50,447</u>	<u>\$ 11,567,761</u>	<u>\$ 11,618,208</u>	<u>\$ 9,951,790</u>
Liabilities, equity and other credits				
Liabilities				
Accounts payable	\$ 27,318	\$ 0	\$ 27,318	\$ 9,531
Accrued liabilities	89,979	0	89,979	54,536
Total liabilities	<u>117,297</u>	<u>0</u>	<u>117,297</u>	<u>64,067</u>
Equity and other credits				
Investment in general fixed assets	0	11,567,761	11,567,761	9,853,517
Fund balances				
Unreserved, undesignated (deficit)	<u>(66,850)</u>	<u>0</u>	<u>(66,850)</u>	<u>34,206</u>
Total equity and other credits	<u>(66,850)</u>	<u>11,567,761</u>	<u>11,500,911</u>	<u>9,887,723</u>
Total liabilities, equity and other credits	<u>\$ 50,447</u>	<u>\$ 11,567,761</u>	<u>\$ 11,618,208</u>	<u>\$ 9,951,790</u>

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

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Unit - Library Board
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the fiscal year ended September 30, 2001
(with comparative totals for the fiscal year ended September 30, 2000)

	Governmental Fund Types	
	General	
	2001	2000
Revenues		
Intergovernmental	\$ 195,848	\$ 155,795
Fines and forfeits	80,017	81,265
Investment income	2,673	3,579
Other	93,547	99,230
Total revenues	<u>372,085</u>	<u>339,869</u>
Expenditures		
Current operations		
Library		
Personal services	2,034,417	1,840,729
Other	1,207,082	1,021,338
Total	<u>3,241,499</u>	<u>2,862,067</u>
Capital outlays	2,243,637	25,924
Total expenditures	<u>5,485,136</u>	<u>2,887,991</u>
Deficiency of revenues under expenditures	(5,113,051)	(2,548,122)
Other financing sources		
Operating transfers in - primary government	<u>5,011,995</u>	<u>2,579,823</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(101,056)	31,701
Fund balances, beginning of year	<u>34,206</u>	<u>2,505</u>
Fund balances (deficit), end of year	<u>\$ (66,850)</u>	<u>\$ 34,206</u>

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

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Unit - Library Board
Comparative Schedules of General Fixed Assets By Source
September 30, 2001
(with comparative totals for September 30, 2000)

	<u>2001</u>	<u>2000</u>
General fixed assets		
Buildings	\$ 11,289,942	\$ 5,728,859
Improvements other than buildings	14,883	14,883
Equipment and vehicles	262,936	637,598
Construction in progress	<u>0</u>	<u>3,472,177</u>
Total general fixed assets	<u>\$ 11,567,761</u>	<u>\$ 9,853,517</u>
Investment in general fixed assets		
General obligation warrants	\$ 11,492,302	\$ 9,539,608
General revenues	0	238,450
Donations from primary government	<u>75,459</u>	<u>75,459</u>
Total investment in general fixed assets	<u>\$ 11,567,761</u>	<u>\$ 9,853,517</u>

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

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Unit - Library Board
Schedule of General Fixed Assets by Function and Activity
September 30, 2001

<u>Function and Activity</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Equipment and Vehicles</u>	<u>Total</u>
Recreation	\$ 11,289,942	\$ 14,883	\$ 262,936	\$ 11,567,761
Total and general fixed assets allocated to functions and activities	\$ 11,289,942	\$ 14,883	\$ 262,936	\$ 11,567,761

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

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Unit - Library Board
Schedule of Changes in General Fixed Assets by Function and Activity
For the fiscal year ended September 30, 2001

<u>Function and Activity</u>	<u>General Fixed Assets October 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets September 30, 2001</u>
Recreation	\$ <u>9,853,517</u>	\$ <u>5,632,042</u>	\$ <u>3,917,798</u>	\$ <u>11,567,761</u>
Total general fixed assets	\$ <u><u>9,853,517</u></u>	\$ <u><u>5,632,042</u></u>	\$ <u><u>3,917,798</u></u>	\$ <u><u>11,567,761</u></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
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Sales, Use and Related Taxes</u>	<u>Property Tax</u>	<u>In Lieu of Property Tax</u>	<u>Auto Tax</u>	<u>Rental Tax</u>	<u>Total</u>
1992	\$ 17,278,328	\$ 2,692,524	\$ 20,664	\$ 136,111	\$ 107,422	\$ 20,235,049
1993	20,728,713	2,681,425	19,162	216,934	96,173	23,742,407
1994	27,568,637 (A)	2,925,759	53,062	217,420	126,548	30,891,426
1995	34,085,710	3,369,272	53,062	236,526	137,010	37,881,580
1996	35,299,683	3,781,319	53,062	317,485	150,336	39,601,885
1997	37,547,973	3,981,320	47,828	346,789	137,318	42,061,228
1998	37,939,527	4,253,830	47,828	438,799	173,450	42,853,434
1999	40,202,985	4,455,161	47,828	457,879	370,671	45,534,524
2000	41,109,470	5,215,400	47,828	668,403	576,455	47,617,556
2001	42,951,038	5,485,911	47,828	786,228	633,272	49,904,277

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

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

Fiscal Year	General Government	Public Safety (B)	Streets and Sanitation	Health	Capital Outlays	Debt Service	Total
1992	\$ 2,808,843	\$ 10,920,575	\$ 3,533,030	\$ 105,953	\$ 8,466,176	\$ 4,969,769	\$ 30,804,346
1993	3,110,641	11,789,994	3,764,589	131,824	2,226,812	5,181,668	26,205,528
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

(A) Includes General, Special Revenue, and Capital Projects Funds

(B) Includes Municipal Court

Source: City annual financial reports

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

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-Governmental</u>	<u>Fines and Forfeits</u>	<u>Investment Income</u>	<u>Other</u>	<u>Total</u>
1992	\$ 20,235,049	\$ 5,221,673	\$ 1,420,471	\$ 454,527	\$ 972,374 (B)	\$ 947,463	\$ 29,251,557
1993	23,742,407	6,083,992	2,091,689	461,024	836,908 (B)	1,609,216	34,825,236
1994	30,891,426	5,860,897	2,168,119	496,575	859,392 (B)	1,370,029	41,646,438
1995	37,881,580	6,376,852	2,448,911	487,896	1,180,986 (B)	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

(A) Includes General, Special Revenue, and Capital Projects Funds

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

Source: City annual financial reports

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

Jefferson County:

Beginning October 1,	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1991	\$ 1,988,938	\$ 1,874,004	94.2%	\$ 46,855	\$ 1,920,859	96.6%
1992	2,054,746	1,852,685	90.2	82,663	1,935,348	94.2
1993	2,067,459	2,047,448	99.0	39,705	2,087,153	101.0
1994	2,500,478	2,340,533	93.6	50,862	2,391,395	95.6
1995	2,570,800	2,524,918	98.2	89,335	2,614,253	101.7
1996	2,671,897	2,616,964	97.9	32,944	2,649,908	99.2
1997	2,809,236	2,764,344	98.4	12,696	2,777,040	98.9
1998	2,882,415	2,846,285	98.7	4,694	2,850,979	98.9
1999	3,464,495	3,418,252	98.7	8,958	3,427,210	98.9
2000	3,568,457	3,537,316	99.1	11,118	3,548,434	99.4

Shelby County:

Beginning October 1,	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1991	\$ 736,067	\$ 741,475	100.7%	\$ 13,712	\$ 755,187	102.6%
1992	786,659	769,755	97.9	5,722	775,477	98.6
1993	839,239	837,480	99.8	1,125	838,606	99.9
1994	1,011,854	971,018	96.0	6,859	977,877	96.6
1995	1,216,615	1,167,066	95.9	2,137	1,169,203	96.1
1996	1,350,966	1,329,133	98.4	2,279	1,331,412	98.6
1997	1,531,197	1,476,563	96.4	226	1,476,790	96.4
1998	1,571,374	1,605,034	102.1	207	1,605,241	102.2
1999	1,882,191	1,787,644	95.0	546	1,788,190	95.0
2000	1,941,599	1,936,145	99.7	1,332	1,937,477	99.8

(A) Excludes property tax on motor vehicles

Source: Jefferson and Shelby County Tax Collectors

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	
1992	\$ 217,467,432	\$ 1,507,641,117	\$ 32,106,596	\$ 160,532,980	\$ 61,356,140	\$ 204,520,467	\$ 310,930,168	\$ 1,872,694,564	16.60%
1993	225,745,021	1,564,996,798	34,959,344	174,796,720	60,831,040	202,749,856	321,535,405	1,942,543,374	16.55%
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%

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	
1992	(B) \$ 100,310,320	\$ 501,551,000	\$ 10,342,160	\$ 51,710,800	\$ 3,040,080	\$ 15,200,400	\$ 113,692,560	\$ 568,462,200	20.00%
1993	(B) 107,783,940	538,919,700	10,665,000	53,325,000	3,129,900	15,649,500	121,578,840	607,894,200	20.00%
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%

(A) Excludes motor vehicles
(B) Estimate

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 Schools	School District	County Total			
	1992	0.65	1.40	2.05	1.35	0.82	1.39		
1993	0.65	1.40	2.05	1.35	0.82	1.39	3.56	0.65	6.26
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	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

Shelby County

Fiscal Year Ended September 30,	City of Hoover			Shelby County				State of Alabama	Total Tax
	General Fund	City Schools	City Total	County Schools	School District	Hospital	County Total		
	1992	0.65	1.40	2.05	0.75	1.60	0.40		
1993	0.65	1.40	2.05	0.75	1.60	0.40	3.35	0.65	6.05
1994	0.65	1.40	2.05	0.75	1.60	0.40	3.35	0.65	6.05
1995	0.65	1.40	2.05	0.75	1.60	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	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

(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, 2001

	City Ad Valorem Taxes	Percentage of Total Property Taxes Collected (A)
Bellsouth Telecommunications	\$ 339,455	6.19%
Metropolitan Life Insurance Co	159,261	2.90%
Hoover Mall Limited LP	141,975	2.59%
Amsouth Banks	127,272	2.32%
Blue Cross & Blue Shield	121,580	2.22%
Colonial Realty LTD PTN	95,815	1.75%
Meadowbrook Properties	76,913	1.40%
Tree Crossings Associates	46,577	0.85%
Alabama Power Co	38,242	0.70%
Electronic Data Systems	34,752	0.63%
Total Ad Valorem Taxes - Principal Property Taxpayers	1,181,842	21.54%
Total Ad Valorem Taxes - All Taxpayers	\$ 5,485,911	100.00%

(A) Excludes motor vehicles

THE CITY OF HOOVER, ALABAMA
Computation of Legal Debt Margin
September 30, 2001

Assessed value of property:		
Jefferson County	\$ 631,877,713	
Shelby County	<u>355,193,780</u>	
Total Assessed Value of Property	<u>987,071,493</u>	(A) (B)
Debt Limit - 20 percent of total assessed value	197,414,299	
Amount of debt applicable to debt limit:		
General Obligation Warrants	79,935,000	
General Obligation Sewer Warrants	<u>17,770,000</u>	
Total debt applicable to debt limit	<u>97,705,000</u>	
Legal debt margin	<u>\$ 99,709,299</u>	

(A) Includes assessed value of motor vehicles totaling \$123,767,432

(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>
1992	45,000 (A)	\$ 451,450,768 (D)	\$ 58,037,526	12.86%	\$ 1,289.72
1993	48,000 (A)	469,130,985 (D)	57,281,488	12.21%	1,193.36
1994	50,000 (A)	584,588,625 (D)	64,126,353	10.97%	1,282.53
1995	55,000 (A)	636,034,748 (D)	64,303,684	10.11%	1,169.16
1996	56,000 (A)	680,492,636 (D)	62,411,015	9.17%	1,114.48
1997	58,500 (A)	735,197,343 (D)	60,873,278	8.28%	1,040.57
1998	60,000 (A)	680,123,468 (D)	58,379,847	8.58%	973.00
1999	62,000 (A)	695,184,494 (D)	69,363,550	9.98%	1,118.77
2000	62,742 (B)	911,597,267 (D)	101,230,000	11.10%	1,613.43
2001	64,605 (C)	987,071,493 (D)	97,705,000	9.90%	1,512.34

- (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
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (A)</u>	<u>Percentage of Debt Service to Total General Expenditures</u>
1992	\$4,969,769	\$ 30,804,346	16.13%
1993	5,181,668	26,205,528	19.77%
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%

(A) Includes General, Special Revenue and Capital Projects Funds

Source: City annual financial reports

THE CITY OF HOOVER, ALABAMA
Computation of Direct and Overlapping Debt
General Obligation Warrants
September 30, 2001

	Total Debt Outstanding	Percentage Applicable to City of Hoover	Amount Applicable to City of Hoover
Direct Debt:			
City of Hoover			
General obligation warrants	\$ 79,935,000	100.00%	\$ 79,935,000
General obligation sewer warrants	17,770,000	100.00%	17,770,000
Total City of Hoover Debt	<u>97,705,000</u>	100.00%	<u>97,705,000</u>
Overlapping Debt:			
Hoover City Board of Education	159,855,000	100.00%	159,855,000
Jefferson County	284,550,853	9.92%	28,227,445
Jefferson County Board of Education	172,707,820	9.92%	17,132,616
Shelby County Board of Education	151,920,508	20.78%	31,569,082
Total overlapping debt	<u>769,034,181</u>		<u>236,784,142</u>
Total direct and overlapping debt	<u>\$ 866,739,181</u>		<u>\$ 334,489,142</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

Fiscal Year	Population	Median Household Income	School Enrollment	Unemployment Rate %
1992	45,000 (E)	\$ 53,472 (E)	6,806 (D)	2.4% (B)
1993	48,000 (E)	53,472 (E)	7,483 (D)	2.3% (B)
1994	50,000 (C)	53,472 (E)	7,683 (D)	1.7% (B)
1995	55,000 (C)	59,083 (F)	8,210 (D)	1.6% (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)	61,757 (G)	9,463 (D)	1.4% (B)
2000	62,742 (A)	62,500 (C)	9,794 (D)	1.2% (B)
2001	64,605 (E)	74,580 (H)	10,265 (D)	1.5% (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

Fiscal Year	Value of Commercial Construction (A)	Value of Residential Construction (A)	Number of Building Permits Issued (A)	Retail Sales (B)
1992	\$ 18,105,842	\$ 104,642,785	1,266	\$ 1,730,000,000 (C)
1993	46,370,287	147,744,433	1,646	1,750,000,000 (C)
1994	80,704,946	147,316,465	1,625	1,770,821,640
1995	62,787,313	156,126,270	1,504	1,785,945,765
1996	47,620,964	135,031,130	1,549	1,953,591,038
1997	62,487,614	135,970,884	1,622	2,113,443,540
1998	83,402,179	120,573,214	1,633	2,007,010,127
1999	109,762,038	124,288,600	1,594	2,312,911,859
2000	126,032,253	110,146,300	1,571	2,261,059,889
2001	88,476,750	118,770,857	1,470	2,321,009,931

(A) Source: Building Inspections Department
(B) Finance Department
(C) Estimate by City

THE CITY OF HOOVER, ALABAMA
Miscellaneous Statistics
September 30, 2001

Date of Incorporation: May 18, 1967

Area (Square Miles):

36.71 (A)

Public Schools:

Established: August 29, 1988

Form of Government: Mayor-Council (5 members)

Enrollment 10,265 (H)

Number of Approved Positions:

Buildings:
 High schools 2
 Middle Schools 3
 Elementary Schools 9

262 (B)
 0 (B)

Miles of Street:
 Paved
 Unpaved

20

Miles of Sewers:

Sanitary 180 (B)
 Storm 167 (B)

2
 5
 8
 6

Population:

1968 410 (D)
 1970 1,393 (D)
 1980 19,792 (D)
 1990 39,788 (D)
 2000 62,742 (D)
 2001 64,605 (E)

Recreation:

Number of Parks 19 (C)

154
 5
 21
 9
 2

Acres of developed parks and lakes 318 (C)

Acres not developed 532 (C)

30
 44
 6

Public Safety:

Number of housing units:
 Owner occupied 18,434 (E)
 Renter occupied 10,559 (E)
 Total 28,993 (E)

Number of fire stations 8

Number of police stations 2

93

92

668

Total Approved Positions

606 (G)

Median Age: 38.13 (F)

Total FTE's for 668 positions (555 FT and 112 PT)

Source:

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