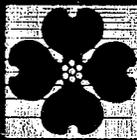


THE CITY OF HOOVER, ALABAMA



Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 1996

THE CITY OF HOOVER, ALABAMA

Comprehensive Annual Financial Report
For The Fiscal Year Ended
September 30, 1996

Office of the Finance Director

Richard K. Smith, C.P.A.
Finance Director

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THE CITY OF HOOVER, ALABAMA
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 1996

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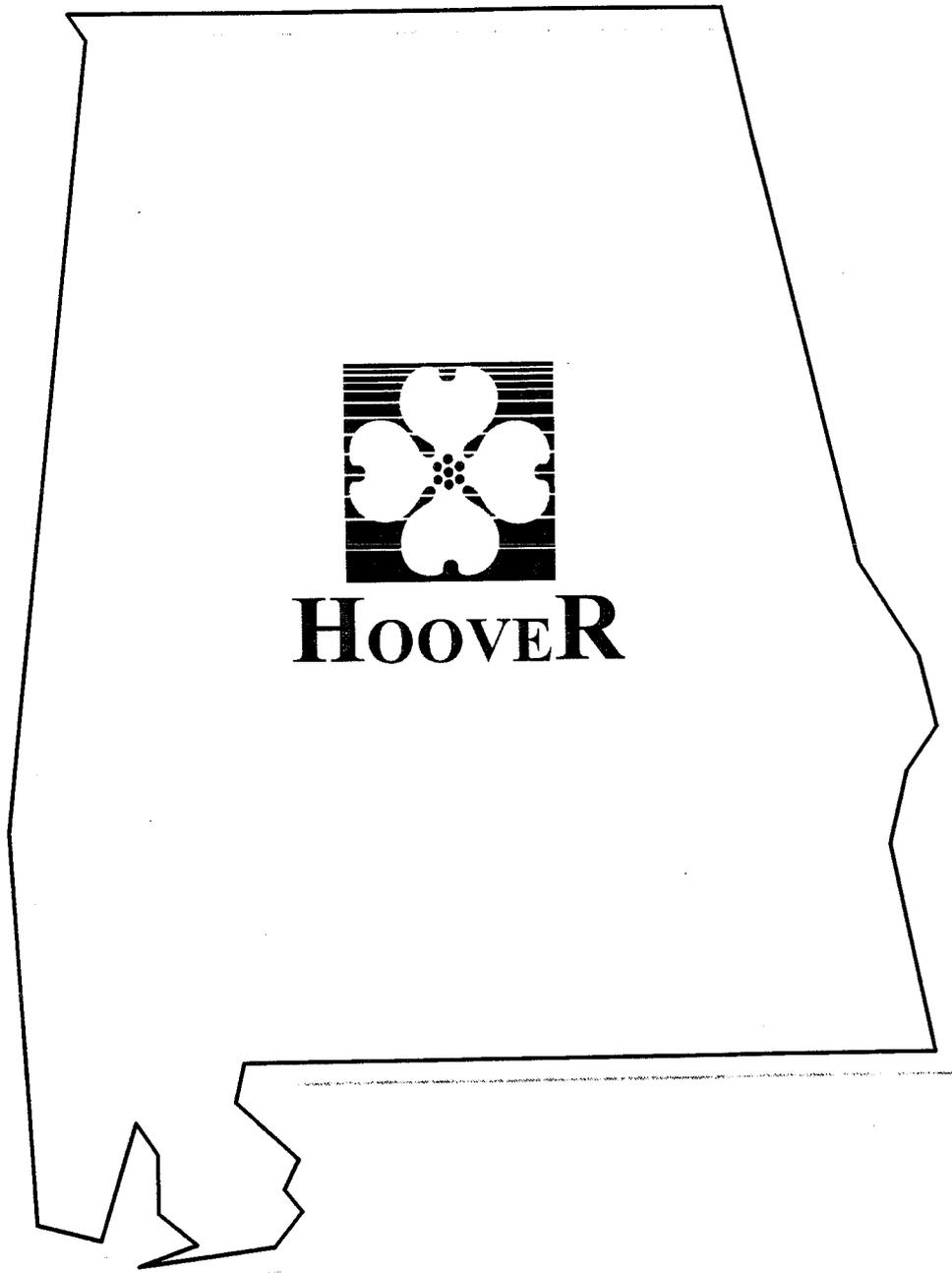
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INTRODUCTORY SECTION

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The City of Hoover, Alabama

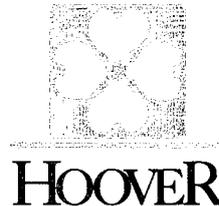


The City of Hoover has a population of approximately 56,000 and is located in north-central Alabama within the Birmingham metropolitan area. Hoover occupies approximately 44 square miles within Jefferson and Shelby Counties.

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City of Hoover

100 MUNICIPAL DRIVE
POST OFFICE BOX 360628
HOOVER, AL 35236-0628
TELEPHONE (205) 444-7500
FAX (205) 444-7572



February 28, 1997

To the Members of the City Council and the Citizens of the City of Hoover, Alabama

The comprehensive annual financial report of the City of Hoover, Alabama (the City) for the fiscal year ended September 30, 1996, is hereby submitted as mandated by state statutes. These statutes require that the City issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants or the State Department of Examiners of Public Accounts. 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 are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of 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 City's comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and a list of the elected officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The statistical section, which is unaudited, 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 of 1984 and U. S. Office of Management and Budget Circular A-128, Audits of State and Local Governments. Information related to the single audit, including a schedule of federal financial assistance, 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 (i. e., the City of Hoover, Alabama as legally defined), 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. These services include public safety (police, fire and inspection), infrastructure maintenance, sanitation, recreation, public library, cultural events, public improvements, planning and zoning, and general administration.

Blended component units, although legally separate entities, are in substance, part of the primary government's operations and are included as part of the primary government. 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.

Governmental Structure, Local Economic Condition and Outlook

The Government, incorporated in 1967, is located in Jefferson and Shelby Counties in North Central Alabama. Shelby County is one of the fastest growing counties in the Country. The population within the corporate limits of the Government increased from about 40,000 in 1990 to an estimated 56,000 in 1996, a 40% increase. The Government has the power by state statute to extend its corporate limits by annexation, which is done periodically when considered appropriate by the City Council. Also, the City's excellent school system continues to draw new residents to the area.

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 committees. The Mayor is responsible for carrying out the policies and ordinances of the Government. The Mayor and City Council are elected on a nonpartisan basis to concurrent four year terms which begin October 1 in the election year. An election was conducted in the summer of 1996.

The Government's financial condition continues to be strong. Continued economic growth is a major factor along with a one percent increase in the general sales and use tax effective March 1, 1994, estimated to generate twelve million dollars per year. The Government is substantially dependent on sales and use tax revenue which comprised 68.8% of total revenue in Fiscal 1996. However, the Government enjoys a broad retail sales and use tax base and is not dependent on any one or a few taxpayers for its sales and use tax revenue. In addition to sales and use tax, other major revenue sources (i.e. business licenses and property taxes) are broad based and generally continue to grow each year.

New construction of all types has remained steady for the past several years. The City as a whole is experiencing continuing growth in all areas. Almost 6,000 permits of all types were issued by the Inspection Department during Fiscal 1996. Commercial construction has escalated in the Greystone/Hwy. 280 area as well as the Highway 150 area. Two hotels were permitted for construction during the fiscal year and two others are

beginning construction at the present time. The City has issued construction permits for CompUSA, Galleria Plaza strip mall and a new Pier 1 in Inverness. Chen Restaurant is under construction as well as an NBC Bank in Meadowbrook. Construction has been completed on a dental clinic in Trace Crossings, RIME Construction office building in Greystone, Morning Star Daycare and Community Bio-Resource office building in Riverchase. Additionally, the City has a new Racetrac service station at Valleydale and Hwy. 31 and a new office building on Lorna Road. The above are just a few major items taken from the more than 250 commercial permits issued for the year.

The Government should continue to experience economic growth well into the next century. However, as evidenced by a revenue growth rate of only about 3.5% in Fiscal 1996, that growth rate will probably be less dramatic in future years because of new competing retail developments in the area, but in different jurisdictions.

Major Initiatives for 1996

The Government initiated a Cross Functional Management System in Fiscal 1996. A cross functional management team (presently comprised of four individuals but subsequently to be expanded to five) reports directly to the Mayor rather than having all department heads reporting to the Mayor as has been the case in the past. City services are now broken down into clusters which are managed by the appropriate member of the cross functional management team. The rationale is that a small cadre of professionals be in charge of daily operations working in close communication and cooperation with one another in an atmosphere of adhocracy to respond appropriately in an ever changing environment. The essential advantage of the realignment is enhanced focus on the big picture for top management. The core group works as a team of generalists with the overall effectiveness and efficiency of service delivery as the primary mission in mind for total City management. The System is working.

Construction was begun on the replacement of Fire Station Five and the new Fire Station Eight and both should be occupied by March of 1997. Also at Station Seven construction of the playground for younger children was completed and has been a huge success with Inverness residents. Also at Station Seven the completion of the upstairs area for a community meeting hall and as a back-up dispatch facility is under construction.

During 1996 the Hoover Fire Department responded to 5,125 calls. Of these, 1,984 were fire calls and 3,141 were EMS calls.

The Hoover Fire Department became one of the first services in the State to provide pre-hospital 12 lead electrocardiograms. This added diagnostic tool to emergency medical service saves patients and their doctors valuable time by allowing early recognition of myocardial infarction. In the past, this test had to be performed in the hospital. As a result, intervention or treatment was delayed significantly, which resulted in more damage to the heart muscle. Today, the physicians react to the EKG performed on the scene by fire medics and intervention begins immediately.

Construction of a mobile fire safety demonstration learning unit began in early Spring of 1996. Materials were made possible through donations from local businesses. On-duty firefighters at Station Four and Station Two, and school board employees accomplished this by converting a 1985 school bus donated by the City Board of Education. After completion of normal station duties and between emergency responses, they completed the conversion from student transportation to student education. The bus changed from a vehicle to a multimedia learning platform with an exterior and interior resembling a home. The bottom line of this project is the Fire Department possesses a multimedia training platform completed at a nominal price. Purchase of an equivalent factory built trailer would cost in excess of thirty thousand dollars. A new vehicle to tow that trailer from each site would cost twenty-five thousand dollars. The City's financial contribution now stands at less than six percent of the \$55,000 price projection.

The Hoover Police Department expanded its services with the addition of the Bike and Mounted Patrol. In addition, the department trained and equipped officers with chemical agents that afford a possible alternative to deadly force, and reduces the potential for injury to both the officer and offender. All officers received the minimum state mandated 12 hours in-service training. Ninety-five percent of the Hoover officers exceeded the state's minimum. Officers received training locally, in state and at various locations throughout the nation. The Hoover Police Department conducted firearms qualification twice, which doubled the state's requirement of once per year.

The Hoover Police Department Operations Division shared in many events over the past year including the 1996 Summer Olympic Games in the Birmingham Metropolitan Area. The Hoover Police Department played a commanding role in the success of the soccer events of the Summer Olympics. Its mission was to protect the athletes during any movement during the three weeks while in Birmingham. Along with In-Transit Security, the Department shared in the E.O.D. communications, and media relations responsibilities. The mission was accomplished successfully with professionalism, dignity and pride.

The Investigations Division also had a successful year with a high clearance rate of major crimes in 1996. The homicide and rape clearance rate was 100% and the robbery clearance rate was 79%. This is approximately three times better than the national average.

This was a year of change in the area of Communications. There was a major renovation of the Communications Center, including adding consoles to make the base a six-position Dispatch Center. A fully functional secondary P.S.A.P. was installed in the Staff Services Sergeant's office, which enables dispatchers to stay on-line and operational should something happen to our main P.S.A.P. This area is also used for training purposes.

During Fiscal 1996 the City Public Works Department, in addition to its other projects, re-paved approximately 21.6 miles of streets throughout the City of Hoover.

The Hoover Public Library presented its fourth annual Southern Voices Conference in February, 1996. The Southern Voices award was presented to Winston Groom, author of the novel "Forrest Gump". Peter Jenkins, author of "A Walk Across America" and several

other notable authors were featured at the conference. The Library also featured seven major events, during the year including plays, concerts and dance programs.

The Parks and Recreation Board served an estimated 26,698 citizens during Fiscal 1996 through programs, classes or athletics. The largest growth area was programs and participation for teens through the Teen Board. The average attendance per event was about 400. There were 10 special events for the teens in Fiscal 1996.

The athletic participation has increased from 13,418 in Fiscal 1995 to 14,449 in Fiscal 1996 which represents an 8% increase from last year. The largest growth area in athletics was youth football with an increase of 40%.

Participation in classes and programs increased from 7,702 in Fiscal 1995 to 11,579 in Fiscal 1996. This represents a 50% increase from Fiscal 1995. The number of programs for the physically and mentally challenged has also increased.

Of the approximately 8,500 members of the Recreation Center, there were about 3,500 who used the Fitness Center during Fiscal 1996. Approximately half that number work out at least three times per week. The Fitness Center and track are the most popular areas in the Recreation Center.

Jim Fisher, Director of Parks and Recreation, was named the 1996 Recreational Professional of the Year by the Alabama Parks and Recreation Association.

Because of recent changes by the Federal Government concerning voter registration and because it was the year for municipal and federal elections as well as many state office elections, the City registered many people to vote, particularly during the spring and summer. The most recent City election was held on August 27, 1996, with the run-off election being held on September 7, 1996. The election process went smoothly and there were no major problems, with approximately 26,000 Jefferson County voters and 8,900 Shelby County voters participating.

During Fiscal 1996 there were thirty annexations which involved approximately 35 acres of commercial property and 955 acres of residential property, including one existing condominium group and the Cahaba River Estates area. Eighteen acres were annexed and rezoned for the development of townhomes. There were also ten commercial parcels annexed by legislative act.

There were a total of 36 rezonings, 22 conditional uses, 112 map approvals and 35 variances processed during the year.

Software has been purchased for the indexing of minutes which allows on-line access to the various departments of the City for informational purposes.

With the addition of a Purchasing Department the bid process has greatly increased along with maintaining a bid vendors list of over 900 records.

The Birmingham Barons Baseball Club was sold to a new owner during Fiscal 1996. The lease of the Metropolitan Stadium to the Barons was renegotiated during that transaction with lease payments now computed in a much simpler manner.

During the year, City Officials worked successfully with officials of the Environmental Protection Agency, Region IV, in Atlanta, and with representatives of the Alabama Department of Environmental Management in Montgomery to provide for the rebuilding and expanding of the Inverness wastewater treatment plant which was in need of extensive repairs and expansion.

City Officials successfully challenged the U.S. Census Bureau's July 1, 1994, population estimate which resulted in an increase in the official population count by 8,150.

The City received reimbursements during Fiscal 1996 from the Federal and State Emergency Management Agencies in the amount of \$67,464 due to the City's efforts to document the City's expenses incurred during and after Hurricane Opal.

The City developed and implemented a computerized, City-wide work order system during the year. This has formalized intra-city service needs requests and their fulfillment.

Completed projects by Building Services for Fiscal 1996 (excluding routine maintenance) included a sewage lift station for Annex Two, pump station modifications at Riverchase, upgrading water service to Riverchase Sports Park, updating equipment at the city garage, remodeling Annex One, adding above ground fuel tanks at Fire Stations One and Two, the public works building and at the municipal center, adding parking lot lights to lower level parking at the municipal center and remodeling the dispatch area in the Police Department

A landscape architect was employed during the year to administer the City's new Tree Ordinance. This position has also provided professional services to other departments with regard to landscape needs and design.

The Engineering division accomplishments in Fiscal 1996 included drainage projects at Fox Hollow-LaBelle Lane, Misty Ridge Circle and the design of several other projects.

Street improvement projects completed in Fiscal 1996 included emergency vehicle signal preemption, Alford Avenue signal modification, Rocky Ridge Sports Park turn lanes, Valleydale at Inverness Parkway traffic signal installation and turn lane improvements, Shades Crest Road guardrail installation, South Shades Crest at Russett Woods Drive traffic signal and turn lane improvements and Riverchase Parkway East at Woods of Riverchase Drive traffic signal and turn lane improvements.

Environmental projects completed during Fiscal 1996 were Riverchase Pump Station Five modifications, Dri Prime pump sets and controls, Mallard Lake sanitary sewer lift station removal and relocation, Strawberry Lane sanitary sewer relocation and Riverchase Pump Station Twelve control upgrade.

For the Future

As Hoover celebrates its 30th anniversary as a municipality on May 18, the City must approach the future with a carefully designed plan to ensure the continued growth of the City and the economic stability of the region of which the City is an integral part. Strategic plans to guide the City have already been developed by functions and will be incorporated into an overall vision by the Mayor and City Council this year. City Officials must govern with flexibility and be prepared to adapt to changes both in terms of population and of environment.

These plans cover new direction and guidance for departments in their quest to reach departmental goals and objectives. This particular planning works within the Cross Functional Management System implemented within the last year. With a focus on meeting goals, City departments will have specific performance measures that must be met as a part of the budgeting process. This enhanced management system will provide a more objective performance analysis of city departments and offices. The Department of Finance will work with every department in the transition to a more formal review process for budget requests.

As residential neighborhoods grow and as new businesses open, the City is likely to have more and more competing demands on fewer local resources. One avenue that is being successfully pursued in response to this dilemma is seeking grant funds from a variety of other sources and leveraging City funds by using them as a match. Active efforts are also underway to retain businesses that are located in Hoover, to assist in their expansion, and to attract new businesses.

The Office of Development is working on plans involving community participation in developing a consolidated plan to identify activities to be funded with Community Development Block Grant Funds. The Office of Development will be developing and defining the City's role in the improvement and enhancement of the economic viability of the community.

The managed growth commitment of City Officials continues with a focus on Traffic Study 2010. This Traffic Study outlines a step-by-step procedure for the improvement of traffic flow in Hoover. Short-term and long-term plans are being implemented to make a real difference in the traffic pattern on all of the major thoroughfares within the City.

Development plans are underway for two major parks and recreational properties now owned by the City. Aldridge Park and Gardens includes 31 acres complete with an upscale residential dwelling of 3,733 square feet, landscaped grounds, a small lake, a boathouse, a swimming pool and a utility building. The Park will be available for social and civic events, for unstructured recreation, and a botanical garden specializing in hydrangeas. Plans are underway for the development needs for Moss Rock Preserve for citizens to enjoy.

The City Operations Department is conducting the final steps necessary to complete the transition over to a complete fleet management department for the maintenance and repair of all City vehicles and equipment. Fleet management will also work on the

continuous update of the fleet replacement requirements as well as fuel services requirements.

The City of Hoover will be completing the rebuild of Fire Station Five located in Bluff Park. The completed rebuild is located on the same site and includes modifications and improvements to more efficiently manage the day to day requirements of fire and rescue in the City of Hoover. The Department of Public Safety will be implementing procedures allowing for additional training and development of public safety employees as a critical element of public safety in our City.

Subsequent to fiscal year end the Federal Highway Administration approved the Justification Study for the additional ramps on I-459 at Highway 150. Environmental documents have been reviewed by FHWA and returned with comments for which responses are being prepared. By the end of the summer of 1997 the environmental process should be complete and engineering design begun. Bids will be taken in the fall of 1998. In generally the same time frame, right-of-way will be acquired and utilities relocated.

Departmental Focus - Auxiliary Services

The Auxiliary Services Department is comprised of the City's Management Information Services Division, Internal Auditor and Auxiliary Services Manager. This relatively new City department provides technical, analytical and operational support to a variety of programs, special projects and activities as assigned by the City's Mayor and Director of Operations.

The Management Information Systems Division provides 24 hour-per-day, year-round technical support to over 400 users of the City's mid-range and microcomputer systems. Two state-of-the-art IBM AS400 computers, nearly seventy microcomputers and a plethora of software applications are melded into an advanced network of integrated financial and operational information systems which help City managers and staff perform their duties in an effective and efficient manner. Likewise, the MIS Division provides support to the City's telephone and data communication systems which include over 200 telephone lines, multiple token-ring networks and a wide-area network that utilizes leased frame-relay technology.

The City's Internal Auditor position was recently developed to provide reviews and analyses of assigned financial and operational processes within the City. The Internal Auditor's efforts have, thus far, been directed toward the re-engineering of certain business processes and advanced utilization of management information systems. Specifically, the Internal Auditor has recently helped to re-engineer and improve operating policies and procedures within the City's Fleet Services, Public Works and Building Services Divisions. These efforts are paying immediate returns to the City in terms of management information availability and worker productivity improvement.

The Auxiliary Services Manager serves as the head of the Auxiliary Services Department and is further responsible for a myriad of programs and activities related to: (1)

telecommunications, such as telecommunications and cable television franchising, (2) certain intergovernmental activities, such as active participation in the Purchasing Association of Central Alabama, the Regional Telecommunications Coalition and the Over-the-Mountain Cable Authority and (3) intermittent special projects, such as FEMA disaster fund applications and U.S. Census Bureau Population Estimate accuracy. On an as-needed basis, the Auxiliary Services Manager also provides analytical support to the Mayor, Directors, Department Heads and staff for a variety of one-time projects and on-going programs.

It is the mission of the Auxiliary Services Department to assist City managers and staff with the effective and efficient discharge of their duties at a reasonable and justifiable cost. To this end, the Auxiliary Services staff hopes to, directly and indirectly, contribute to the advancement of public services and quality of life for Hoover's citizens.

Financial Information

Management of the Government is responsible for establishing and maintaining an internal control structure 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. 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.

As part of the Government's single audit, described earlier, tests were made of the Government's internal control structure and of its compliance with applicable laws and regulations, including those related to federal assistance programs. Although this testing was not sufficient to support an opinion on the Government's internal control system or its compliance with laws and regulations related to nonmajor federal financial assistance programs, the audit for the year ended September 30, 1996, disclosed no material internal control weaknesses or material violations of laws and regulations.

The Government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund and Special Revenue Funds are included in the annual appropriated budget. A project-length financial plan is adopted for the Capital Projects Fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function and activity within an individual fund; however, the City Council may authorize expenditures from time to time during the year without legally amending the previously

adopted budget. However, the budget was amended several times during the year. Encumbrance accounting is not employed. 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.

General Government Functions

The following schedules present a summary of General Fund and Special Revenue Funds revenues for the fiscal year ended September 30, 1996, and the amount and percentages of increases and decreases in relation to prior year revenues.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1995</u>	<u>Percent of increase (Decrease)</u>
Taxes	\$ 39,601,886	77.15 %	\$ 1,720,306	4.54 %
Licenses and Permits	6,951,010	13.55	574,158	9.00
Intergovernmental	2,355,881	4.59	(93,030)	(3.80)
Fines and forfeits	852,158	1.33	364,262	74.66
Interest earned	494,663	0.96	(571,185)	(53.59)
Other	<u>1,072,449</u>	<u>2.42</u>	<u>(261,974)</u>	(19.63)
Total	\$ <u>51,328,047</u>	<u>100.00</u> %	\$ <u>1,732,537</u>	3.49 %

Fines and forfeits increased because the Court established a special revenue fund entitled the "Court and Corrections Fund" which, by State law, allowed the Court to increase Municipal Court costs to District Court cost standards. Also, some misdemeanor fines and traffic fines were increased. A rise in case load further accounts for the increase.

Interest earned decreased because the City forgave debt totalling \$7,845,000 from the Board of Education and related interest to be received thereon.

An analysis of revenue sources in descending order of amount is set forth below:

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1995</u>	<u>Percent of Increase (Decrease)</u>
Sales and use taxes	\$ 35,299,684 (A)	68.77 %	\$ 1,213,974	3.56 %
Business licenses	4,604,849 (B)	8.97	530,231	13.01
Property taxes	4,098,804 (A)	7.99	493,006	13.67
Intergovernmental	2,355,881	4.59	(93,030)	(3.80)
Building permits	1,838,459 (B)	3.58	(14,959)	(0.81)
Fines and forfeits	852,158	1.66	364,262	74.66
E-911	675,395 (C)	1.32	(63,987)	(8.65)
Interest earned	494,663	0.96	(571,185)	(53.59)
All other revenue	<u>1,108,154 (D)</u>	<u>2.16</u>	<u>(125,775)</u>	<u>(10.19)</u>
Total revenues	\$ <u>51,328,047</u>	<u>100.00 %</u>	\$ <u>1,732,537</u>	3.49 %

- (A) Included in taxes above
 (B) Included in licenses and permits above
 (C) Included in other revenue above
 (D) Included in the following:

Taxes	\$ 203,398
Licenses and permits	507,702
Other	<u>397,054</u>
	\$ <u>1,108,154</u>

Sales and use taxes are the greatest sources of revenue to the City. Continued commercial expansion has resulted in greater sales and use tax revenues in each of the past ten years. Set forth below is sales and use tax information for the past ten years:

<u>Fiscal Year</u>	<u>Sales and Use Tax Revenues</u>	<u>Percent of Total Revenues</u>	<u>Percent of Increase from Previous Year</u>
1987	\$10,415,505	65.6 %	37.5 %
1988	11,607,404	64.1	11.4
1989	12,716,945	61.4	9.6
1990	15,003,431	61.1	18.0
1991	15,911,832	57.7	6.1
1992	17,278,328	59.0	8.6
1993	20,728,713	59.2	20.0
1994	27,568,637	66.2	33.0
1995	34,085,710	68.6	23.6
1996	35,299,684	68.8	3.6

Sales and Use taxes revenues increased 3.6% from Fiscal 1995 to Fiscal 1996, which is the smallest percentage growth in sales and use tax in many years. New retail construction in surrounding cities accounts largely for this. City management expects continued steady sales and use tax growth in the future, though less dramatic than in years prior to Fiscal 1996.

Business licenses, which are generally based on gross receipts, have historically been the second largest revenue source for the City. Following is a summary of business licenses revenue for the past decade:

<u>Fiscal Year</u>	<u>Business Licenses Revenue</u>	<u>Percent of Total Revenue</u>	<u>Percent of Increase (Decrease) from Previous Year</u>
1987	\$2,011,474	12.7 %	37.6 %
1988	2,260,556	12.5	12.4
1989	2,737,541	13.2	21.1
1990	3,232,457	13.2	18.1
1991	3,581,808	13.0	10.8
1992	3,718,290	12.7	3.8
1993	4,002,574	12.0	7.7
1994	3,840,450	9.2	(4.1)
1995	4,074,618	8.2	6.1
1996	4,604,849	9.0	13.0

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

<u>Fiscal Year</u>	<u>Property Tax Revenue</u>	<u>Percent of Total Revenue</u>	<u>Percent of Increase from Previous Year</u>
1987	\$1,269,528	8.0 %	28.6 %
1988	1,518,902	8.4	19.6
1989	2,135,976	10.3	40.6
1990	2,322,404	9.5	8.7
1991	2,612,328	9.5	12.5
1992	2,828,634	9.7	8.3
1993	2,898,359	8.7	2.5
1994	3,143,179	7.5	8.5
1995	3,605,798	7.3	14.7
1996	4,098,804	8.0	13.7

The City's property tax is 6 1/2 mills for general government use.

Intergovernmental revenues consist primarily of various state and county taxes shared with the City on a pro-rata basis. As the City has grown these revenues have increased.

The following schedule presents a summary of General Fund and Special Revenue Funds expenditures for the fiscal year ended September 30, 1996, and the percentage of increases and decreases in relation to prior year amounts:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1995</u>	<u>Percent of Increase (Decrease)</u>
Current				
General Government	\$ 5,573,911	15.36 %	\$1,923,484	52.69 %
Public Safety	16,661,051	45.91	2,035,843	13.92
Municipal Court	351,175	0.98	59,078	19.82
Streets and Sanitation	5,305,308	14.62	945,100	21.68
Health	347,259	0.96	15,376	4.63
Capital Outlays	2,761,762	7.61	(302,332)	(9.87)
Debt Service				
Principal	1,911,345	5.27	370,000	24.01
Interest	<u>3,376,038</u>	<u>9.29</u>	(4,458)	(0.13)
Total Expenditures	<u>\$36,293,849</u>	<u>100.00 %</u>	<u>\$5,042,096</u>	16.13 %

In addition to the above expenditures, operating transfers totalling \$4,610,099 and \$10,223,748 were made to the One-Half Cent Capital Projects Fund and the component units respectively. The City also forgave debt due from the Board of Education totalling \$7,845,000.

Expenditures for personal services including salaries, retirement contributions and other employee benefits totalled \$18,986,706 in Fiscal 1996, compared to \$16,290,750 in Fiscal 1995. This was an increase of \$2,695,956. The increase resulted from the hiring of additional employees, a 3% across the board pay increase and merit raises.

Personal services expenditures comprised 67.2% of operating expenditures and 52.3% of total expenditures in Fiscal 1996 as compared to 70.0% of operating expenditures and 52.1% of total expenditures in Fiscal 1995.

General Government increased 52.7% because of much needed additions to staff and related costs to equip them, a large increase in risk management expenditures, expenditures related to the 1996 Summer Olympics, pay increases and new programs.

Capital outlays from general and special revenue funds totalled \$2,761,762 in Fiscal 1996, a decrease of \$302,332. Capital outlays were as follows:

	<u>Land</u>	<u>Construction</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
General Government					
Administration	\$ 20,000	\$ 937,101	\$ 140,165	\$ 330,692	\$ 1,427,958
Municipal Garage	-	-	-	1,612	1,612
Total General Government	<u>20,000</u>	<u>937,101</u>	<u>140,165</u>	<u>332,304</u>	<u>1,429,570</u>
Public Safety					
Police	-	54,217	428,747	168,914	651,878
Fire	-	16,623	257,326	143,460	417,409
Inspection	-	-	-	9,398	9,398
Total Public Safety	<u>-</u>	<u>70,840</u>	<u>686,073</u>	<u>321,772</u>	<u>1,078,685</u>
Municipal Court	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,637</u>	<u>14,637</u>
Streets and Sanitation	<u>-</u>	<u>-</u>	<u>76,451</u>	<u>132,856</u>	<u>209,307</u>
Health	<u>-</u>	<u>-</u>	<u>29,563</u>	<u>-</u>	<u>29,563</u>
Total	<u>\$ 20,000</u>	<u>\$ 1,007,941</u>	<u>\$ 932,252</u>	<u>\$ 801,569</u>	<u>\$ 2,761,762</u>

General Fund Balance

The unreserved, undesignated fund balance of the General Fund increased 4.4% in Fiscal 1996. This increase, which totalled \$309,543, resulted from continued revenue growth.

Enterprise Operations

The City's only enterprise fund is a Sewer Enterprise Fund which accounts for the operations of the Riverchase and Inverness sewage treatment plants. The Riverchase sewage treatment plant and plant additions are financed by general long-term debt. No long-term debt is recorded in the Sewer Enterprise 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 sewage 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 losses (before operating transfers in) of \$72,020 and \$215,298 for Fiscal 1996 and Fiscal 1995 respectively. Net cash provided by operating activities totalled \$209,022 for Fiscal 1996. Net cash used by operating activities totalled \$55,279 for Fiscal 1995. There were no operating transfers to the Sewer Enterprise Fund in Fiscal 1996. Operating transfers to the Sewer Enterprise Fund from other funds were \$3,000,000 in Fiscal 1995.

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 continues to reflect a positive trend in the City's and employee's funding of the pension trust fund.

Debt Administration

At year end, the City had a number of debt issues outstanding. These issues included general obligation warrants totalling \$62,411,015 and capital leases totalling \$9,338. The City has a credit rating of A1 from Moody's Investors Service and a 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 three month Treasury Bills which changes weekly. In addition to the public funds investment account, the City also invests in certificates of deposits with local banks. The average yield on investments for Fiscal 1996 was 5.41%.

The City's investment policy at present is to keep all idle funds invested at the best short-term rates available in financially sound local banks; also, to keep all invested funds insured by the FDIC or collateralized. All collateral is held in the City's name by a third party, The Federal Reserve Bank of Atlanta, Georgia.

Risk Management

The City has a limited self-insurance retention plan, using two professional claims handlers, 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 annual retention on all claims is \$325,000. Excess insurance is provided for catastrophic occurrences.

The City contracts with another professional claims handling 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 annual claims over \$587,150.

Other Information

Independent Audit

State statutes require an annual audit by the State Department of Examiners of Public Accounts or by independent certified public accountants. The accounting firm of Livings & Company, CPA's performed the audit. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and the related Office of Management and Budget's Circular A-128. Generally accepted auditing standards, and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Government for its comprehensive annual financial report for the fiscal year ended September 30, 1995. This was the fourteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published 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 that 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, various City employees, our auditors, Livings & Company, CPA's and our financial reporting consultants, Moody & Morgan, CPA's. 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.

In closing, we wish to recognize the distinguished service of William Billingsley, past President of the City Council, who retired from the Council on September 30, 1996, after 16 years of serving the Citizens of Hoover with wisdom and dignity and respect from those with whom he served.

Sincerely,



Frank S. Skinner, Jr.
Mayor



Richard K. Smith
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hoover,
Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1995

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.



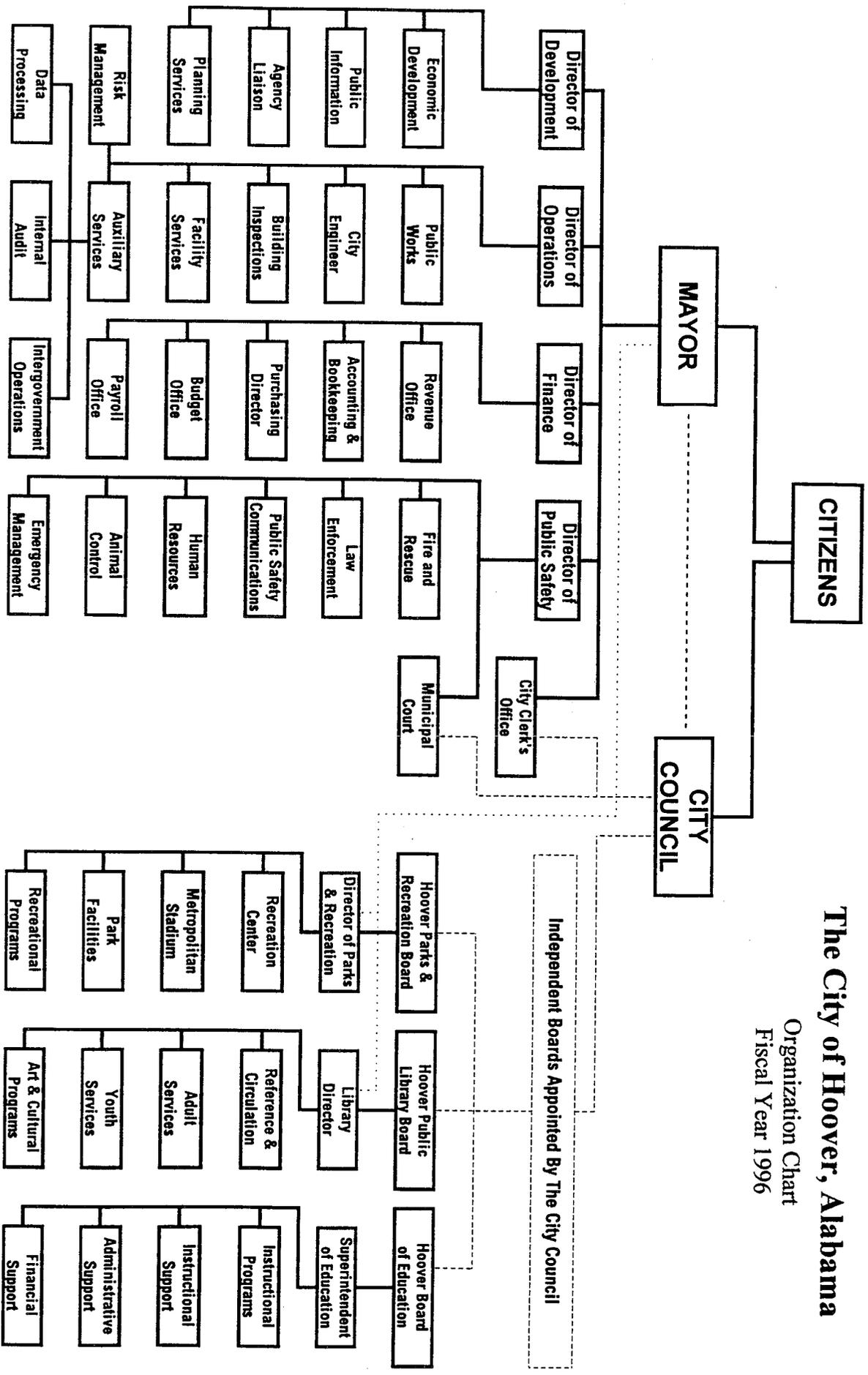
Arthur R. Lynch
President

Jeffrey L. Essler
Executive Director

The City of Hoover, Alabama

Organization Chart

Fiscal Year 1996



Officials of The City of Hoover, Alabama
September 30, 1996

Mayor

Frank S. Skinner, Jr.

City Council

William J. Billingsley, President

Barbara B. McCollum, President Pro Tempore

David L. Bradley

Johanna J. Hutto

Brian L. Skelton

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FINANCIAL SECTION

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Livings & Company

Certified Public Accountants

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Post Office Box 157
The Wheelock Building • 113 North 22nd Street
Birmingham, Alabama 35201-0157
(205) 252-7900 • Fax (205) 323-8100

INDEPENDENT AUDITOR'S 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 years ended September 30, 1996 and 1995, as listed in the table of contents. These financial statements are the responsibility of the City of Hoover, Alabama's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of the City of Hoover, Alabama Board of Education, which represent the amounts shown as the component unit, Board of Education. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Hoover, Alabama Board of Education is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits, and the report of other auditors, provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Hoover, Alabama, at September 30, 1996 and 1995, and the results of its operations and the cash flows of its proprietary fund for the years then ended, in conformity with generally accepted accounting principles. 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 of the City of Hoover, Alabama, at September 30, 1996 and 1995, and the results of operations of such funds and the cash flows of the proprietary fund for the years then ended, in conformity with generally accepted accounting principles.

Continued on next page.

Our audits were 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 audits 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.

Livingston Company

January 31, 1997

**GENERAL PURPOSE FINANCIAL
STATEMENTS**

THE CITY OF HOOVER, ALABAMA

Combined Balance Sheet

All Fund Types, Account Groups and Discretely Presented Component Units

September 30, 1996

	Governmental Fund Types			Proprietary	Fiduciary
	General	Special Revenue	Capital Projects	Fund Type	Fund Type
				Sewer Enterprise	Agency
Assets and other debits					
Assets					
Pooled cash and investments	\$4,917,355	\$732,007	\$353,462	\$5,852,056	-
Receivables					
Taxes	3,210,667	-	-	-	-
Accounts	25,740	-	-	96,631	-
Due from other governments					
County	422,895	-	-	-	-
State	-	65,366	-	-	-
Federal	-	-	-	-	-
Due from other funds	-	-	-	-	-
Inventory	-	-	-	3,100	-
Prepaid items	66,954	-	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	3,428,470	-
Deposits	10,000	-	-	-	-
Deferred compensation plan assets	-	-	-	-	\$804,694
Other debits					
Amount to be provided for retirement of general long-term debt	-	-	-	-	-
Total assets	\$8,653,611	\$797,373	\$353,462	\$9,380,257	\$804,694
Liabilities, equity and other credits					
Liabilities					
Accounts payable and accrued liabilities	\$925,537	\$130,386	\$324,081	\$119,946	-
Claims and judgments payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Notes and capital leases payable	-	-	-	-	-
General obligation warrants payable	-	-	-	-	-
Refundable deposits	136,518	-	-	5,000	-
Accrued compensated leave	192,581	-	-	-	-
Deferred compensation benefits payable	-	-	-	-	\$804,694
Total liabilities	1,254,636	130,386	324,081	124,946	804,694
Equity and other credits					
Investment in general fixed assets	-	-	-	-	-
Contributed capital	-	-	-	8,151,697	-
Retained earnings	-	-	-	1,103,614	-
Fund balances					
Reserved for prepaid items	66,954	-	-	-	-
Reserved for inventories	-	-	-	-	-
Reserved for building commitments	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	-
Unreserved, designated for acquisition, construction and improvements	-	-	29,381	-	-
Unreserved, undesignated	7,332,021	666,987	-	-	-
Total equity and other credits	7,398,975	666,987	29,381	9,255,311	-
Total liabilities, equity and other credits	\$8,653,611	\$797,373	\$353,462	\$9,380,257	\$804,694

Account Groups		Totals (Memorandum Only)	Component Units	Totals (Memorandum Only)
General Fixed Assets	General Long-term Debt	Primary Government		Reporting Entity
-	-	\$11,854,880	\$14,884,441	\$26,739,321
-	-	3,210,667	-	3,210,667
-	-	122,371	195,317	317,688
-	-	422,895	363,561	786,456
-	-	65,366	-	65,366
-	-	-	64,755	64,755
-	-	-	9,629,232	9,629,232
-	-	3,100	41,352	44,452
-	-	66,954	2,052	69,006
\$31,147,889	-	34,576,359	162,981,973	197,558,332
-	-	10,000	-	10,000
-	-	804,694	1,225,148	2,029,842
-	\$65,503,756	65,503,756	85,073,893	150,577,649
<u>\$31,147,889</u>	<u>\$65,503,756</u>	<u>\$116,641,042</u>	<u>\$274,461,724</u>	<u>\$391,102,766</u>
-	-	\$1,499,950	\$3,561,771	\$5,061,721
-	\$391,837	391,837	-	391,837
-	-	-	9,629,232	9,629,232
-	9,338	9,338	730,627	739,965
-	62,411,015	62,411,015	82,730,695	145,141,710
-	-	141,518	-	141,518
-	2,691,566	2,884,147	-	2,884,147
-	-	804,694	1,225,148	2,029,842
-	65,503,756	68,142,499	97,877,473	166,019,972
\$31,147,889	-	31,147,889	162,981,973	194,129,862
-	-	8,151,697	-	8,151,697
-	-	1,103,614	-	1,103,614
-	-	66,954	-	66,954
-	-	-	41,352	41,352
-	-	-	25,579	25,579
-	-	-	140,231	140,231
-	-	29,381	-	29,381
-	-	7,999,008	13,395,116	21,394,124
<u>31,147,889</u>	<u>-</u>	<u>48,498,543</u>	<u>176,584,251</u>	<u>225,082,794</u>
<u>\$31,147,889</u>	<u>\$65,503,756</u>	<u>\$116,641,042</u>	<u>\$274,461,724</u>	<u>\$391,102,766</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 Component Units
For the fiscal year ended September 30, 1996

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Primary Government
Revenues				
Taxes	\$39,601,885	-	-	\$39,601,885
Licenses and permits	6,951,010	-	-	6,951,010
Intergovernmental	1,666,699	\$689,182	-	2,355,881
Fines & forfeits	681,679	170,479	-	852,158
Interest on pooled cash and investments	446,270	48,394	\$63,776	558,440
Stadium lease	-	-	-	-
Other	417,171	655,278	-	1,072,449
Total revenues	<u>49,764,714</u>	<u>1,563,333</u>	<u>63,776</u>	<u>51,391,823</u>
Expenditures				
Current operations				
General government	5,573,911	-	-	5,573,911
Public safety	15,798,580	862,471	-	16,661,051
Municipal court	357,175	-	-	357,175
Streets and sanitation	4,499,810	805,498	-	5,305,308
Recreation	-	-	-	-
Library	-	-	-	-
Health	347,259	-	-	347,259
Instructional services	-	-	-	-
Instructional support services	-	-	-	-
Operation and maintenance	-	-	-	-
Auxiliary services	-	-	-	-
Fixed charges	-	-	-	-
Other	-	-	-	-
Total	<u>26,576,735</u>	<u>1,667,969</u>	<u>-</u>	<u>28,244,704</u>
Capital outlays	2,753,298	8,464	5,130,917	7,892,679
Debt service				
Principal	1,911,345	-	-	1,911,345
Interest and fiscal charges	3,376,038	-	39,623	3,415,661
Total expenditures	<u>34,617,416</u>	<u>1,676,433</u>	<u>5,170,540</u>	<u>41,464,389</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,147,298</u>	<u>(113,100)</u>	<u>(5,106,764)</u>	<u>9,927,434</u>
Other financing sources (uses)				
Operating transfers in	-	2,146	4,610,099	4,612,245
Operating transfers out	(4,612,245)	-	-	(4,612,245)
Operating transfers in - primary government	-	-	-	-
Operating transfers out - component units	(10,223,748)	-	-	(10,223,748)
Forgiveness of debt - component unit	(7,845,000)	-	-	(7,845,000)
Proceeds of general obligation warrants, notes payable and capital leases	-	-	-	-
Total other financing sources (uses)	<u>(22,680,993)</u>	<u>2,146</u>	<u>4,610,099</u>	<u>(18,068,748)</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	<u>(7,533,695)</u>	<u>(110,954)</u>	<u>(496,665)</u>	<u>(8,141,314)</u>
Fund balances at beginning of year	<u>14,932,670</u>	<u>777,941</u>	<u>526,046</u>	<u>16,236,657</u>
Fund balances at end of year	<u>\$7,398,975</u>	<u>\$666,987</u>	<u>\$29,381</u>	<u>\$8,095,343</u>

Component Units	Totals (Memorandum Only) Reporting Entity
-	\$39,601,885
\$526,735	7,477,745
47,364,614	49,720,495
60,155	912,313
3,174	561,614
168,800	168,800
7,988,613	9,061,062
<u>56,112,091</u>	<u>107,503,914</u>
1,423,723	6,997,634
-	16,661,051
-	357,175
-	5,305,308
2,581,299	2,581,299
2,512,764	2,512,764
-	347,259
25,096,744	25,096,744
5,099,619	5,099,619
4,579,212	4,579,212
4,063,403	4,063,403
8,505,241	8,505,241
792,061	792,061
<u>54,654,066</u>	<u>82,898,770</u>
7,886,153	15,778,832
2,273,856	4,185,201
4,566,907	7,982,568
<u>69,380,982</u>	<u>110,845,371</u>
<u>(13,268,891)</u>	<u>(3,341,457)</u>
-	4,612,245
-	(4,612,245)
10,223,748	10,223,748
-	(10,223,748)
-	(7,845,000)
1,775,686	1,775,686
<u>11,999,434</u>	<u>(6,069,314)</u>
(1,269,457)	(9,410,771)
14,871,735	31,108,392
<u>\$13,602,278</u>	<u>\$21,697,621</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, 1996

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$41,758,000	\$39,601,885	(\$2,156,115)
Licenses and permits	6,915,000	6,951,010	36,010
Intergovernmental	1,827,550	1,666,699	(160,851)
Fines & forfeits	455,000	681,679	226,679
Interest on pooled cash and investments	320,000	446,270	126,270
Other	324,100	417,171	93,071
Total revenues	<u>51,599,650</u>	<u>49,764,714</u>	<u>(1,834,936)</u>
Expenditures			
Current operations			
General government	5,492,600	5,573,911	(81,311)
Public safety	14,963,034	15,798,580	(835,546)
Municipal court	359,254	357,175	2,079
Streets and sanitation	4,602,088	4,499,810	102,278
Health	349,877	347,259	2,618
Total	<u>25,766,853</u>	<u>26,576,735</u>	<u>(809,882)</u>
Capital outlays	3,204,552	2,753,298	451,254
Debt service			
Principal	1,976,594	1,911,345	65,249
Interest and fiscal charges	3,290,613	3,376,038	(85,425)
Total expenditures	<u>34,238,612</u>	<u>34,617,416</u>	<u>(378,804)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,361,038</u>	<u>15,147,298</u>	<u>(2,213,740)</u>
Other financing sources (uses)			
Operating transfers out	(6,065,000)	(4,612,245)	1,452,755
Operating transfers out - component units	(11,129,164)	(10,223,748)	905,416
Operating transfers in	-	-	-
Forgiveness of debt - component unit	(7,845,000)	(7,845,000)	-
Total other financing uses	<u>(25,039,164)</u>	<u>(22,680,993)</u>	<u>2,358,171</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(\$7,678,126)</u>	<u>(7,533,695)</u>	<u>\$144,431</u>
Fund balances at beginning of year		<u>14,932,670</u>	
Fund balances at end of year		<u>\$7,398,975</u>	

Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
-	-	-
-	-	-
\$700,000	\$689,182	(\$10,818)
220,000	170,479	(49,521)
44,500	48,394	3,894
650,000	655,278	5,278
<u>1,614,500</u>	<u>1,563,333</u>	<u>(51,167)</u>
-	-	-
719,094	862,471	(143,377)
-	-	-
701,047	805,498	(104,451)
-	-	-
<u>1,420,141</u>	<u>1,667,969</u>	<u>(247,828)</u>
31,750	8,464	23,286
-	-	-
-	-	-
<u>1,451,891</u>	<u>1,676,433</u>	<u>(224,542)</u>
<u>162,609</u>	<u>(113,100)</u>	<u>(275,709)</u>
-	-	-
-	-	-
-	2,146	2,146
-	-	-
<u>-</u>	<u>2,146</u>	<u>2,146</u>
<u>\$162,609</u>	(110,954)	<u>(\$273,563)</u>
	<u>777,941</u>	
	<u>\$666,987</u>	

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

THE CITY OF HOOVER, ALABAMA
Statements of Revenues, Expenses and Changes in
Retained Earnings (Deficit) - Proprietary Fund Type
Sewer Enterprise Fund
For the fiscal year ended September 30

	<u>1996</u>	<u>1995</u>
Operating Revenues		
Charges for services	<u>\$1,070,282</u>	<u>\$901,390</u>
Operating expenses		
Depreciation	494,870	445,978
Management fees	437,833	436,639
Repairs and maintenance	109,431	80,160
Utilities	192,106	182,856
Personal services	44,082	42,170
Collection fees	40,035	39,259
Supplies	88,659	59,207
Telephone	4,990	4,622
Engineering fees	67,041	33,008
Total operating expenses	<u>1,479,047</u>	<u>1,323,899</u>
Operating loss	(408,765)	(422,509)
Non-operating revenue - interest	<u>336,563</u>	<u>207,211</u>
Loss before operating transfers	(72,202)	(215,298)
Operating transfers in	<u>-</u>	<u>3,000,000</u>
Net income (loss)	(72,202)	2,784,702
Retained earnings (deficit) at beginning of year	<u>1,175,816</u>	<u>(1,608,886)</u>
Retained earnings at end of year	<u><u>\$1,103,614</u></u>	<u><u>\$1,175,816</u></u>

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

THE CITY OF HOOVER, ALABAMA
Statements of Cash Flows
Proprietary Fund Type - Sewer Enterprise Fund
Increase (Decrease) in Cash and Cash Equivalents
For the fiscal year ended September 30

	<u>1996</u>	<u>1995</u>
Cash flows from operating activities:		
Cash received from customers	\$1,082,710	\$866,510
Cash payments to suppliers	(394,127)	(445,036)
Cash payments to management companies	(437,833)	(436,639)
Cash payments to employees	(41,728)	(40,114)
Net cash provided (used) by operating activities	<u>209,022</u>	<u>(55,279)</u>
Cash flows from noncapital financing activities:		
Operating transfers in	-	3,000,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>3,000,000</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(772,340)	(426,451)
Capital contributed by customers	113,850	282,450
Net cash used by capital and related financing activities	<u>(658,490)</u>	<u>(144,001)</u>
Cash flows from investing activities:		
Interest earned on pooled cash and investments	336,563	207,211
Net cash provided by investing activities	<u>336,563</u>	<u>207,211</u>
Net increase (decrease) in pooled cash and investments	(112,905)	3,007,931
Pooled cash and investments, beginning of year	<u>5,964,961</u>	<u>2,957,030</u>
Pooled cash and investments, end of year	<u>\$5,852,056</u>	<u>\$5,964,961</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	(\$408,765)	(\$422,509)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	494,870	445,978
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	12,428	(34,880)
Increase in accrued expenses	2,354	2,056
Increase (decrease) in accounts payable	108,135	(45,924)
Net cash provided (used) by operating activities	<u>\$209,022</u>	<u>(\$55,279)</u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements
September 30, 1996

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 an elected 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 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's jurisdiction. 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 Park and Recreation Board of the City of Hoover (the Park 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 Park and Recreation Board to provide specific financial benefits to, or to impose specific financial burdens on the City. The Park 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.

Complete financial statements are not prepared for the Park and Recreation Board and the Library Board. Complete 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

Continued on the next page.

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - Continued

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

Balance Sheets

	<u>Board of Education</u>	<u>Park and Recreation Board</u>	<u>Library Board</u>	<u>Totals</u>
Assets and other debits:				
Current assets	\$ 26,232,597	\$ 81,569	\$ 91,692	\$ 26,405,858
Fixed assets	118,146,294	38,691,177	6,144,502	162,981,973
Amount to be provided for retirement of general long-term debt	<u>85,073,893</u>	-	-	<u>85,073,893</u>
Total assets and other debits	<u>\$229,452,784</u>	<u>\$38,772,746</u>	<u>\$6,236,194</u>	<u>\$274,461,724</u>
Liabilities:				
Current liabilities	\$ 12,670,118	\$ 81,569	\$ 51,893	\$ 12,803,580
Long-Term liabilities	<u>85,073,893</u>	-	-	<u>85,073,893</u>
Total liabilities	<u>97,744,011</u>	<u>81,569</u>	<u>51,893</u>	<u>97,877,473</u>
Equity:				
Investment in general fixed assets	118,146,294	38,691,177	6,144,502	162,981,973
Fund balances	<u>13,562,479</u>	-	<u>39,799</u>	<u>13,602,278</u>
Total equity	<u>131,708,773</u>	<u>38,691,177</u>	<u>6,184,301</u>	<u>176,584,251</u>
Total liabilities and equity	<u>\$229,452,784</u>	<u>\$38,772,746</u>	<u>\$6,236,194</u>	<u>\$274,461,724</u>

Statements of Revenues, Expenditures and Changes in Fund Balances

Revenues	\$ 55,089,404	\$ 720,885	\$ 301,802	\$ 56,112,091
Expenditures				
Current operations	49,560,003	2,581,299	2,512,764	54,654,066
Capital outlays	7,621,233	183,141	81,779	7,886,153
Debt service	<u>6,840,763</u>	-	-	<u>6,840,763</u>
Total expenditures	<u>64,021,999</u>	<u>2,764,440</u>	<u>2,594,543</u>	<u>69,380,982</u>
Other financing sources				
Operating transfers in - primary government	5,915,096	2,043,555	2,265,097	10,223,748
Proceeds of long-term debt	<u>1,775,686</u>	-	-	<u>1,775,686</u>
Total other financing sources	<u>7,690,782</u>	<u>2,043,555</u>	<u>2,265,097</u>	<u>11,999,434</u>
financing sources under expenditures	<u>(1,241,813)</u>	-	<u>(27,644)</u>	<u>(1,269,457)</u>
Fund balances - beginning of year	<u>14,804,292</u>	-	<u>67,443</u>	<u>14,871,735</u>
Fund balances - end of year	<u>\$ 13,562,479</u>	<u>\$ -</u>	<u>\$ 39,799</u>	<u>\$ 13,602,278</u>

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The accounts of the City 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, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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 the proprietary fund.

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 OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Proprietary Funds - Continued

The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, in accounting and reporting for its proprietary operations. The City does not apply FASB pronouncements after November 30, 1989. The City's proprietary fund is of the following fund type:

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.

Fiduciary Fund:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Agency Fund - The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the City holds for others in an agency capacity.

Account Groups:

General Fixed Asset Account Group - The general fixed assets account group is used to account for fixed assets not accounted for in the proprietary fund.

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 City maintains a cash management system in which substantially all cash is held in a bank public funds investment account. The City 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 approximate proportionate balances of each fund's pooled cash and investments. It is the City'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.

State statutes authorize the City to invest in obligations of the U.S. Treasury, 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.

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Assets, Liabilities and Equity - Continued

It is the City's policy to invest only in obligations of the U.S. treasury, 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.

Investments are stated at cost, except for investments held by the deferred compensation agency fund, which are reported at market value.

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 receivables/payables" (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."

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 expendable available financial resources.

Property values are assessed and property taxes are collected by Jefferson and Shelby Counties. 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 on October 1 of the subsequent fiscal year and are delinquent after January 1.

3. Inventories and Prepaid Items

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

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. Interest incurred during construction is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and 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.

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Assets, Liabilities and Equity - Continued

Property, plant and equipment in the proprietary fund 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.

Major outlays for capital assets and improvements are capitalized in the proprietary fund as projects are constructed. Interest incurred during the construction phase of the proprietary fund 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 proprietary fund of the City using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives of the sewer treatment plants and equipment are fifteen years and seven years, respectively.

5. Compensated Absences

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 fund 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 illnesses or other contingencies. Vacation pay and sick pay that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liabilities of the governmental fund that will pay them. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group.

No expenditure is reported for amounts reported in the general long-term debt account group.

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 fund are reported as liabilities in the appropriate fund.

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 fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Assets, Liabilities and Equity - Continued

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 and 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 follows the following procedures 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. The budget 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 appropriated 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, but may not change the form of the budget. 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 authorize expenditures from time to time during the year without legally amending the previously adopted budget. The City Council may legally amend the budget at any time during the fiscal year. During the year several supplementary appropriations were necessary.

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 not employed as an extension of the formal budgetary process.

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

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, 1996, at the legal level of control (the activity level) in individual funds are as follows:

<u>Activity</u>	<u>General Fund</u>	<u>E-911 Fund</u>	<u>State Seven Cent Gasoline Tax Fund</u>	<u>State Four and Five Cent Gasoline Tax Fund</u>	<u>Drug Enforcement Fund</u>	<u>Court and Corrections</u>	<u>Expenditures (Over) Under Appropriations</u>
Administration	\$ (83,758)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (83,758)
Municipal garage	2,447	-	-	-	-	-	2,447
Police	(756,000)	(147,041)	-	-	3,664	-	(899,377)
Fire	(6,245)	-	-	-	-	-	(6,245)
Inspection	(73,301)	-	-	-	-	-	(73,301)
Municipal court	2,079	-	-	-	-	-	2,079
Streets and sanitation	102,278	-	(14,540)	(89,911)	-	-	(2,173)
Health	2,618	-	-	-	-	-	2,618

The 1996 Summer Olympics had a significant impact on the City's expenditures during Fiscal 1996. Because the City of Birmingham hosted many of the preliminary soccer games, the City of Hoover was deeply involved in helping the Birmingham Metropolitan Area present a positive image of our area to domestic and foreign visitors.

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

Administration - Events and displays related to the 1996 Summer Olympics

Police - Overtime related to special events including the Southeastern Conference Baseball Tournament, the Bruno's Memorial Seniors Golf Classic and the 1996 Summer Olympics which included the mission of providing security for athletes while in-transit throughout the Metropolitan Area, as well as other unavoidable overtime.

Fire - Unavoidable overtime

Inspection - Unavoidable overtime

The E-911, State Seven Cent Gasoline Tax Fund and the State Four and Five Cent Gasoline Tax Fund expenditures over appropriations shown above were funded by available fund balances of the respective funds.

C. Deficit Fund Equity

None of the City's funds had a deficit fund balance at September 30, 1996. The City Administration is committed to building and maintaining substantial unreserved, undesignated fund balances as cushions against periods of recession.

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year end, the City's bank balance of deposits was entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name.

Also, the bank balances of deposits for each of the discretely presented component units were entirely covered by federal depository insurance or by collateral held by the component unit's agent in the component unit's name.

Investments are categorized into three categories of credit risk:

- (1) Insured or registered, or securities held by the City or its agent in the City's name.
- (2) Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the City's name.
- (3) Uninsured or unregistered, with securities held by the counter-party, or by its trust department or agent but not in the City's name.

At year end, the Board of Education's investment balances were as follows:

	<u>Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Treasury Bills and Notes	\$ -	\$ 6,011,240	\$ -	\$ 6,011,240	\$ 5,772,500
U.S. Government Agencies	-	<u>5,547,020</u>	-	<u>5,547,020</u>	<u>5,494,033</u>
Total	<u>\$ -</u>	<u>\$11,558,260</u>	<u>\$ -</u>	<u>\$11,558,260</u>	<u>\$11,266,533</u>

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

Carrying Amount of Deposits	\$ 3,152,920
Carrying Amount of Investments	<u>11,558,260</u>
Total Pooled Cash and Investments	<u>\$14,711,180</u>

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

B. Receivables

Taxes receivable -

A summary of the items included in taxes receivable at September 30, 1996 are set forth below:

	<u>1996</u>
Gasoline tax	\$ 66,577
Sales and use taxes	3,064,169
Beer tax	31,943
Motor vehicle registration fees	13,014
Property tax	29,880
Tobacco tax	<u>5,084</u>
Total	<u>\$3,210,667</u>

A summary of the items included in accounts receivable at September 30, 1996 is set forth below:

General Fund:	<u>1996</u>
Intergovernmental receivables	\$ 17,558
Other	<u>8,182</u>
Total General Fund Accounts Receivables	25,740
 Sewer Enterprise Fund:	
Sewer service charges	<u>96,631</u>
Total accounts receivable	<u>\$122,371</u>

No significant uncollectible amounts are anticipated on these receivables.

C. Loan Receivable - Board of Education

In fiscal 1989, the City issued general obligation school warrants in the amount of \$9 million and loaned the net proceeds to the Board of Education to be used for capital outlays. The outstanding balance of the loan of \$7,845,000 was forgiven by the City Council during this fiscal year.

Continued on the next page.

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

D. Fixed Assets

The following is a summary of changes in the General Fixed Asset Account Group during the year ended September 30, 1996:

	Balance October 1, <u>1995</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>1996</u>
Land	\$ 7,225,622	\$ -	\$ -	\$ 7,225,622
Buildings	8,501,669	1,253,493	-	9,755,162
Improvements other than buildings	3,041,190	95,801	589	3,136,402
Equipment and vehicles	10,112,018	2,162,313	1,258,086	11,016,245
Construction in progress	<u>-</u>	<u>14,458</u>	<u>-</u>	<u>14,458</u>
Total	<u>\$28,880,499</u>	<u>\$ 3,526,065</u>	<u>\$1,258,675</u>	<u>\$31,147,889</u>

The following is a summary of proprietary fund type fixed assets for the City at September 30, 1996:

	<u>Sewer Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
Equipment	\$ 228,218	\$ 225,563
Land	643,000	643,000
Sewage treatment plants	<u>6,591,715</u>	<u>5,822,031</u>
Total	7,462,933	6,690,594
Less - Accumulated depreciation	<u>(4,034,463)</u>	<u>(3,539,594)</u>
Net	<u>\$3,428,470</u>	<u>\$ 3,151,000</u>

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

D. 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, <u>1995</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>1996</u>
Land and improvements	\$ 6,209,820	\$ 238,347	\$ -	\$ 6,448,167
Building and improvements	92,032,464	4,639,258	-	96,671,722
Equipment and vehicles	12,295,588	3,100,200	455,804	14,939,984
Construction in process	<u>185,503</u>	<u>86,421</u>	<u>185,503</u>	<u>86,421</u>
Total	<u>\$110,723,375</u>	<u>\$8,064,226</u>	<u>\$641,307</u>	<u>\$118,146,294</u>

The following is a summary of changes in the general fixed assets account group during the fiscal year for the component unit Park and Recreation Board.

	Balance October 1, <u>1995</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>1996</u>
Land	\$8,789,190	\$ 26,315	\$ 200	\$ 8,815,305
Buildings	6,213,347	-	-	6,213,347
Improvements other than buildings	19,060,298	3,527,080	-	22,587,378
Equipment and vehicles	<u>923,450</u>	<u>182,516</u>	<u>30,819</u>	<u>1,075,147</u>
Total	<u>\$34,986,285</u>	<u>\$3,735,911</u>	<u>\$31,019</u>	<u>\$38,691,177</u>

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, <u>1995</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>1996</u>
Building	\$5,498,255	\$ -	\$ -	\$5,498,255
Improvements other than buildings	86,050	12,999	-	99,049
Equipment and vehicles	<u>590,164</u>	<u>62,460</u>	<u>105,426</u>	<u>547,198</u>
Total	<u>\$6,174,469</u>	<u>\$75,459</u>	<u>\$105,426</u>	<u>\$6,144,502</u>

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

E. Interfund Receivables and Payables

There were no interfund balances as of September 30, 1996.

F. Leases

The City has entered into a lease-purchase agreement for financing the acquisition of exercise equipment for the Recreation Center. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded 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 of the Parks and Recreation Board, a discretely presented component unit.

The assets acquired through capital leases that are included in the Park and Recreation Board's general fixed assets account group are as follows:

Equipment \$93,500

The following is a schedule of the future minimum lease payments under this agreement and the present value of the net minimum lease payments at September 30, 1996.

Fiscal Year Ending <u>September 30.</u>	General Long-term <u>Debt</u>
1997	<u>\$11,639</u>
Total minimum lease payments	11,639
Less: Amount representing interest	<u>2,301</u>
Present value of future minimum lease payments	<u>\$9,338</u>

In 1993 and 1995, the Board of Education entered into a lease-purchase agreement for the lease of school buses. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and, therefore, have been recorded 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 of the Board of Education, a discretely-presented component unit.

Continued on the next page.

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

F. Leases - Continued

The following is a schedule of the future minimum lease payments and the present value of the net minimum lease payments at September 30, 1996, for the discretely-presented component unit Board of Education.

Fiscal Year Ending <u>September 30,</u>	General Long-Term <u>Debt</u>
1997	\$296,277
1998	296,276
1999	114,420
2000	<u>114,420</u>
Total minimum lease payments	821,393
Less: Amount representing interest	<u>90,766</u>
Present Value of Future Minimum Lease Payments	<u>\$730,627</u>

Park and Recreation Board as Lessor - On April 7, 1988, the Park 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 agreement specifies an annual rent of \$200,000 payable in equal quarterly installments. This lease amount is to be adjusted once every five years based upon changes in the cost of living. Total revenue under the lease and management agreement for the fiscal year ended September 30, 1996 was \$168,800.

G. Long-Term Debt

General Obligation Warrants - 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. All long-term warrants are reported in the general long-term debt account group and are not expected to be repaid from proprietary fund revenues. Rather, all debt service payments on long-term obligations are made from the general fund. In addition, general obligation warrants have been issued to refund other general obligation warrants. The City is in compliance with all significant limitations and restrictions contained in the ordinances authorizing the issuance of general obligation warrants.

Continued on the next page.

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

G. Long-Term Debt - Continued

General obligations 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 each year. General obligation warrants currently outstanding are as follows:

Long-term:

(A) \$9,000,000 general obligation school warrants dated September 1, 1989; due \$260,000 to \$850,000 annually beginning September 1, 1992; interest at 6.50% to 8.00% due semi - annually commencing March 1, 1990.	\$ 7,505,000
(B) \$450,000 general obligation warrant, dated May 1, 1989, due \$50,000 annually beginning May 1, 1990 plus interest at 7.25%.	100,000
(C) General obligation warrants, dated September 1, 1990 due \$305,000 to \$1,250,000 annually beginning March 1, 1994; interest at 6.30% to 7.40% due semi-annually commencing March 1, 1991.	1,610,000
(D) \$2,200,000 (principal and imputed interest) general obligation warrant dated May 15, 1992; due \$200,000 to \$400,000 annually beginning October 1, 1993; interest is imputed at a rate of 6.8%.	1,126,015
(E) \$7,490,000 general obligation warrants; dated September 1, 1993; issued October 4, 1993; due \$275,000 to \$870,000 annually beginning May 1, 1996; interest at 4.40% to 6.30% due semi-annually commencing May 1, 1994.	7,215,000
(F) \$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.	43,155,000
(G) \$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	<u>\$62,411,015</u>

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

G. Long-Term Debt - Continued

Annual debt service requirements to maturity for general obligation warrants (including interest) at September 30, 1996 are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$1,537,736	\$3,264,140	\$4,801,876
1998	2,482,737	3,165,341	5,648,078
1999	3,030,271	3,044,314	6,074,585
2000	3,185,271	2,896,266	6,081,537
2001	3,040,000	2,647,195	5,687,195
2002	3,205,000	2,493,278	5,698,278
2003	3,375,000	2,327,534	5,702,534
2004	3,565,000	2,149,563	5,714,563
2005	3,755,000	1,957,235	5,712,235
2006	3,970,000	1,751,247	5,721,247
2007	4,275,000	1,526,224	5,801,224
2008	3,590,000	1,282,989	4,872,989
2009	3,800,000	1,095,264	4,895,264
2010	1,310,000	944,164	2,254,164
2011	1,370,000	883,864	2,253,864
2012	1,425,000	820,977	2,245,977
2013	1,490,000	755,389	2,245,389
2014	1,560,000	682,864	2,242,864
2015	1,635,000	602,989	2,237,989
2016	1,665,000	520,489	2,185,489
2017	1,740,000	435,364	2,175,364
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	<u>1,700,000</u>	<u>106,614</u>	<u>1,806,614</u>
	<u>\$62,411,015</u>	<u>\$36,109,271</u>	<u>\$98,520,286</u>

Prior Year Refunding - On October 14, 1993, the City refunded several general obligation warrant issues with two separate general obligation refundings. The proceeds of the refunding warrants provided the resources to purchase U.S. Government securities that were placed in irrevocable trusts for the purpose of generating resources for all future debt service payments on a total of \$42,145,000 of refunded debt. As a result, all refunded warrants are considered to be defeased and the liabilities have been removed from the general long-term debt account group. The amount of the insubstance defeased debt which remains outstanding as of September 30, 1996, is \$34,725,000.

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

G. Long-Term Debt - Continued

Changes in General Long-term Liabilities - During the year ended September 30, 1996, the following changes occurred in liabilities reported in the general long-term debt account group:

General long-term debt at October 1, 1995	\$67,211,350
Increase in accrued compensated leave	227,225
Lease purchase principal payments	(18,676)
Decrease in claims and judgments payable	(23,474)
Warrants retired	<u>(1,892,669)</u>
General long-term debt at September 30, 1996	<u>\$65,503,756</u>

As of September 30, 1996, the long-term debt of the discretely-presented component unit Board of Education is as follows:

(A) 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%.	\$ 7,620,000
(B) 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%	2,860,000
(C) 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%.	5,715,000
(D) 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%.	45,180,000
(E) Series 1995 Capital Outlay Tax Anticipation Warrants due annually through 2019, interest payable semi-annually at rates ranging from 5.9% to 6.2%.	<u>20,090,000</u>
Total warrants	81,465,000
(F) Installment contract for the purchase of computer equipment, due in monthly installments of \$11,248, including interest at 5.91%, maturing in August, 2000.	479,780
(G) Installment contract for the purchase of computer equipment, due in monthly installments of \$17,657, including interest at 3.75%, maturing in July, 2000.	<u>785,915</u>
Total warrants and notes payable	<u>\$82,730,695</u>

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

G. 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, 1996, is as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$ 2,709,744	\$ 4,595,476	\$ 7,305,220
1998	2,784,765	4,460,537	7,245,302
1999	2,743,020	4,327,852	7,070,872
2000	2,808,793	4,185,485	6,994,278
2001	2,560,000	4,063,123	6,623,123
2002 and Thereafter	<u>69,855,000</u>	<u>38,989,552</u>	<u>108,844,552</u>
	<u>\$83,461,322</u>	<u>\$60,622,025</u>	<u>\$144,083,347</u>

Changes In General Long-Term liabilities for the Discretely-Presented Component Unit Board of Education - During the year ended September 30, 1996, 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, 1995	\$91,804,199
Issuance of Installment Contracts	1,265,695
Issuance of Capitalized Lease Obligations	509,991
Warrants Retired	(9,845,000)
Installment Contracts Principal Payments	(4,929)
Lease Purchase Principal Payments	<u>(268,634)</u>
General Long-term Debt at September 30, 1996	<u>\$83,461,322</u>

H. Sewer Enterprise Fund

The Sewer Enterprise Fund, which accounts for the operations of the sewage treatment plants, is the only proprietary fund maintained by the City. Segment information required to be disclosed by GAAP is effectively provided by the Sewer Enterprise Fund financial statements presented in the general purpose financial statements.

The Riverchase sewage treatment plant and plant additions are financed by general long-term debt. No long-term debt is recorded in the Sewer Enterprise 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 sewage 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 CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - CONTINUED

H. Sewer Enterprise Fund - Continued

The Sewer Enterprise Fund had net income (loss) of \$(72,202) and \$2,784,702 for the fiscal years ended September 30, 1996 and 1995, respectively. The Sewer Enterprise Fund has retained earnings of \$1,103,614 at September 30, 1996. The City acquired the sewage 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, 1996 totaled \$2,081,812.

Contributed Capital

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

	<u>1996</u>	<u>1995</u>
Customer tap fees	\$ 113,850	\$ 282,450
Net increase in contributed capital	113,850	282,450
Contributed capital at beginning of year	<u>8,037,847</u>	<u>7,755,397</u>
Contributed capital at end of year	<u>\$8,151,697</u>	<u>\$8,037,847</u>

I. Reserved Retained Earnings and Restricted Asset Accounts

The sewer enterprise fund does not have any reservations of its retained earnings, and it has no restricted assets as of September 30, 1996.

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 employees; and natural disasters. The City manages these risks under a limited risk management program which is administered by the City through two professional claims-handling firms. The City purchases commercial insurance to cover individual workers' compensation claims in excess of \$275,000, and to cover aggregate workers' compensation claims in excess of \$587,150. The City also purchases commercial insurance to cover individual property, casualty and liability claims in excess of \$50,000, and to cover aggregate annual property, casualty and liability claims in excess of \$325,000. The City has not significantly reduced any of its insurance coverage from that of the prior year, and the amount of settlements have not exceeded insurance coverage for each of the past three fiscal years. All claims, claims reserves, and administrative costs of the program are paid from the general fund.

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 4 - OTHER INFORMATION - CONTINUED

A. Risk Management - Continued

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based on the estimated ultimate cost of settling the claims considering the effects of inflation, 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 expendable available financial resources.

Changes in the balances of claims liabilities during fiscal 1996 and 1995 are as follows:

	<u>1996</u>	<u>1995</u>
Unpaid claims, beginning	\$415,311	\$272,576
Incurred claims (including IBNRs)	407,421	411,104
Claim payments	<u>(430,895)</u>	<u>(268,369)</u>
Unpaid claims, ending	<u>\$391,837</u>	<u>\$415,311</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 had several outstanding construction projects as of September 30, 1996. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Estimated Cost to Complete</u>
Fire Station Number 5	\$ 717,500
Fire Station Number 8	1,077,500
Highway Improvements	701,000
Rocky Ridge Sports Complex	600,000
Other Commitments	<u>187,000</u>
	<u>\$3,283,000</u>

The construction projects mentioned above are commitments of the City's Capital Projects Fund. The projects are being financed by the City's current contributions to the Capital Projects Fund.

Subsequent to September 30, 1996, The City committed in a lawsuit settlement to undertake a three-phased remedial action plan to correct problems with the Inverness Wastewater Treatment Facility at an estimated cost of \$12,900,000, and to undertake a \$450,000 supplemental environmental project consisting of the acquisition and maintenance of protected areas or "Greenways" along a selected portion of the Cahaba River.

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 4 - OTHER INFORMATION - CONTINUED

C. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City 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.

D. Deferred Compensation Plan

Since fiscal 1991, the City has offered to its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all city employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees or their beneficiaries until termination, retirement, death or unforeseen emergency. The plan is accounted for in the deferred compensation agency fund.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of City management that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor in selecting the plan administrator to manage the plan investments. The City believes that it is unlikely that it will use the plan assets to satisfy the claims of general creditors in the future.

E. Employee Retirement System

Plan Description and Provisions:

The City contributes to the Employees' Retirement System of Alabama (the System), an agent multiple-employer retirement system that acts as a common investment and administrative agent for state employees and public organizations. The City's payroll for employees covered by the System for the year ended September 30, 1996 was \$17,022,960; total payroll was \$17,891,624. At September 30, 1995, the date of the most recent actuarial valuation, membership in the System was comprised of the following:

Group

Retirees and beneficiaries	3
currently receiving benefits	
Active employees	415

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 4 - OTHER INFORMATION - CONTINUED

E. Employee Retirement System - Continued

All full-time employees are eligible to participate in the System. Benefits vest after 10 years of service. City employees who retire at or after age sixty with ten years of credited service, or at any age with twenty-five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.0125 percent of their final average compensation for each year of credited service. Final average compensation is defined as the average annual compensation of a member during the 3 years in the last 10 years of creditable service for which such average is highest. The System also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

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.

Funding Status and Progress:

The amount shown below as the "pension benefit obligation" (PBO) is a standardized disclosure measure of the present value of pension benefits, adjusted for projected salary increases estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the funding status of the System on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employees retirement plans. This measure is independent of the funding method used to determine contributions to the System.

The PBO was determined as part of the most recent actuarial valuation which was performed as of September 30, 1995. Significant actuarial assumptions used in determining the PBO include: (a) a rate of return on investments of 8% compounded annually, (b) projected annual salary increases of 5.8% per year compounded annually, attributable to inflation and (c) projected annual salary increases ranging up to 1.95%, depending on age, attributable to seniority/merit.

Total surplus PBO applicable to the City's employees was \$51,926 at September 30, 1995, as follows:

Pension Benefit Obligation

Retirees, beneficiaries and terminated employees currently receiving benefits	\$ 172,222
Current employees	
Employee contributions	6,180,278
Employer financed - vested	2,095,063
Employer financed - nonvested	<u>7,925,208</u>
Total PBO	16,372,771
Net assets available for benefits, at cost (market value is \$18,254,408)	<u>16,424,697</u>
Surplus PBO	<u>\$ 51,926</u>

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements - Continued
September 30, 1996

NOTE 4 - OTHER INFORMATION - CONTINUED

E. Employee Retirement System - Continued

The system values its assets for balance sheet purposes based on cost.

Contributions Required and Contributions Made:

The System's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the City's employee group as a whole has tended to remain level as a percentage of annual covered payroll. The contribution rate for normal cost is determined using the entry age normal actuarial cost method with proration based on service. The unfunded liability contributions are determined by subtracting the present value of prospective employer assets held from the present value of expected benefits to be paid by the System. Any unfunded liability is amortized over a 30 year period.

The contributions to the System for fiscal 1996 were \$1,824,378 (\$851,148 employee and \$973,230 employer; 5.00 percent and 5.72 percent of covered payroll, respectively) and were made in accordance with contribution requirements determined by an actuarial valuation performed as of September 30, 1995. The total contribution consisted of \$1,661,318 normal cost (9.76 percent of covered payroll) and \$163,060 amortization of the unfunded actuarial accrued liability (0.96 percent of covered payroll).

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. For the three years ended September 30, 1993, 1994 and 1995, respectively, available assets were sufficient to fund 108.69, 100.92 and 100.32 percent of PBO. Surplus PBO represents 7.52, 0.99 and 0.37 percent of the annual payroll for employees covered by the System for the same three year period. Showing unfunded or surplus PBO as a percentage of covered payroll approximately adjusts for the effects of inflation for analysis purposes. In addition, for the three year period, the City's contributions to the System, all made in accordance with actuarially determined requirements was 4.90, 4.93 and 5.69 percent of annual covered payroll in 1993, 1994 and 1995, respectively. The City joined the System in August, 1982. The first actuarial determination was made as of September 30, 1983.

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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

	1996	1995
Assets		
Pooled cash and investments	\$4,917,355	\$4,941,169
Receivables		
Taxes	3,210,667	2,686,531
Accounts	25,740	15,011
Loan receivable - component unit	-	7,845,000
Due from county government	422,895	390,873
Prepaid items	66,954	65,192
Deposits	10,000	10,000
	\$8,653,611	\$15,953,776
 Liabilities and fund balances		
Accounts payable and accrued liabilities	\$925,537	\$734,502
Refundable deposits	136,518	87,326
Accrued compensated leave	192,581	199,278
Total liabilities	1,254,636	1,021,106
 Fund balances		
Reserved for noncurrent loans receivable	-	7,845,000
Reserved for prepaid items	66,954	65,192
Unreserved, undesignated	7,332,021	7,022,478
Total fund balances	7,398,975	14,932,670
 Total liabilities and fund balances	 \$8,653,611	 \$15,953,776

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 years ended September 30

	<u>1996</u>	<u>1995</u>
Revenues		
Taxes	\$39,601,885	\$37,881,580
Licenses and permits	6,951,010	6,376,852
Intergovernmental	1,666,699	1,771,711
Fines & forfeits	681,679	487,896
Interest on pooled cash and investments	446,270	444,185
Interest on Board of Education loan	-	573,800
Other	417,171	595,041
Total revenues	<u>49,764,714</u>	<u>48,131,065</u>
Expenditures		
Current operations		
General government	5,573,911	3,650,427
Public safety	15,798,580	13,929,281
Municipal court	357,175	298,097
Streets and sanitation	4,499,810	3,776,898
Health	347,259	331,883
Total	<u>26,576,735</u>	<u>21,986,586</u>
Capital outlays	2,753,298	3,014,284
Debt service		
Principal	1,911,345	1,541,345
Interest	3,376,038	3,380,496
Total expenditures	<u>34,617,416</u>	<u>29,922,711</u>
Excess of revenues over expenditures	<u>15,147,298</u>	<u>18,208,354</u>
Other financing sources (uses)		
Operating transfers out	(4,612,245)	(7,975,000)
Operating transfers out - component unit	(10,223,748)	(9,916,528)
Forgiveness of debt - component unit	(7,845,000)	-
Total other financing sources (uses)	<u>(22,680,993)</u>	<u>(17,891,528)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(7,533,695)</u>	<u>316,826</u>
Fund balances at beginning of year	<u>14,932,670</u>	<u>14,615,844</u>
Fund balances at end of year	<u>\$7,398,975</u>	<u>\$14,932,670</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
Budget and Actual
For the fiscal years ended September 30

	1996		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$41,758,000	\$39,601,885	(\$2,156,115)
Licenses and permits	6,915,000	6,951,010	36,010
Intergovernmental	1,827,550	1,666,699	(160,851)
Fines and forfeits	455,000	681,679	226,679
Interest on pooled cash and investments	320,000	446,270	126,270
Interest on Board of Education loan	-	-	-
Other	324,100	417,171	93,071
Total revenues	<u>51,599,650</u>	<u>49,764,714</u>	<u>(1,834,936)</u>
Expenditures			
Current operations			
General government	5,492,600	5,573,911	(81,311)
Public safety	14,963,034	15,798,580	(835,546)
Municipal court	359,254	357,175	2,079
Streets and sanitation	4,602,088	4,499,810	102,278
Health	349,877	347,259	2,618
Total	<u>25,766,853</u>	<u>26,576,735</u>	<u>(809,882)</u>
Capital outlays	3,204,552	2,753,298	451,254
Debt service			
Principal	1,976,594	1,911,345	65,249
Interest	3,290,613	3,376,038	(85,425)
Total expenditures	<u>34,238,612</u>	<u>34,617,416</u>	<u>(378,804)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,361,038</u>	<u>15,147,298</u>	<u>(2,213,740)</u>
Other financing sources (uses)			
Operating transfers out	(6,065,000)	(4,612,245)	1,452,755
Operating transfers out - component units	(11,129,164)	(10,223,748)	905,416
Forgiveness of debt - component unit	(7,845,000)	(7,845,000)	-
Total other financing sources (uses)	<u>(25,039,164)</u>	<u>(22,680,993)</u>	<u>2,358,171</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(\$7,678,126)</u>	<u>(7,533,695)</u>	<u>\$144,431</u>
Fund balances at beginning of year		<u>14,932,670</u>	
Fund balances at end of year		<u>\$7,398,975</u>	

1995		
Budget	Actual	Variance Favorable (Unfavorable)
\$37,717,347	\$37,881,580	\$164,233
6,223,578	6,376,852	153,274
1,393,051	1,771,711	378,660
615,004	487,896	(127,108)
185,546	444,185	258,639
597,800	573,800	(24,000)
592,000	595,041	3,041
<u>47,324,326</u>	<u>48,131,065</u>	<u>806,739</u>
3,810,012	3,650,427	159,585
14,062,516	13,929,281	133,235
314,518	298,097	16,421
4,317,890	3,776,898	540,992
385,263	331,883	53,380
<u>22,890,199</u>	<u>21,986,586</u>	<u>903,613</u>
4,028,788	3,014,284	1,014,504
1,605,088	1,541,345	63,743
3,278,108	3,380,496	(102,388)
<u>31,802,183</u>	<u>29,922,711</u>	<u>1,879,472</u>
<u>15,522,143</u>	<u>18,208,354</u>	<u>2,686,211</u>
(5,500,000)	(7,975,000)	(2,475,000)
(9,832,896)	(9,916,528)	(83,632)
-	-	-
<u>(15,332,896)</u>	<u>(17,891,528)</u>	<u>(2,558,632)</u>
<u>\$189,247</u>	316,826	<u>\$127,579</u>
	<u>14,615,844</u>	
	<u>\$14,932,670</u>	

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

THE CITY OF HOOVER, ALABAMA
General Fund
Schedule of Current Operations Expenditures
Budget and Actual

For the fiscal year ended September 30, 1996
(with comparative actual amounts for the fiscal year ended September 30, 1995)

<u>Expenditures - Current Operations</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
General government				
Administrative				
Personal services	\$2,616,215	\$2,256,546	\$359,669	\$1,606,734
Other	2,704,223	3,147,650	(443,427)	1,896,562
Total	<u>5,320,438</u>	<u>5,404,196</u>	<u>(83,758)</u>	<u>3,503,296</u>
Municipal garage				
Personal services	145,960	146,886	(926)	130,183
Other	26,202	22,829	3,373	16,948
Total	<u>172,162</u>	<u>169,715</u>	<u>2,447</u>	<u>147,131</u>
Total general government	<u>5,492,600</u>	<u>5,573,911</u>	<u>(81,311)</u>	<u>3,650,427</u>
Public safety				
Police				
Personal services	5,886,635	6,740,137	(853,502)	5,808,987
Other	1,031,358	933,856	97,502	801,180
Total	<u>6,917,993</u>	<u>7,673,993</u>	<u>(756,000)</u>	<u>6,610,167</u>
Fire				
Personal services	6,451,555	6,484,178	(32,623)	5,988,960
Other	612,536	586,158	26,378	438,331
Total	<u>7,064,091</u>	<u>7,070,336</u>	<u>(6,245)</u>	<u>6,427,291</u>
Inspection services				
Personal services	901,290	976,277	(74,987)	818,717
Other	79,660	77,974	1,686	73,106
Total	<u>980,950</u>	<u>1,054,251</u>	<u>(73,301)</u>	<u>891,823</u>
Total public safety	<u>14,963,034</u>	<u>15,798,580</u>	<u>(835,546)</u>	<u>13,929,281</u>
Municipal court				
Personal services	285,466	295,475	(10,009)	253,268
Other	73,788	61,700	12,088	44,829
Total municipal court	<u>359,254</u>	<u>357,175</u>	<u>2,079</u>	<u>298,097</u>
Streets and sanitation				
Personal services	896,201	865,384	30,817	619,376
Other	3,705,887	3,634,426	71,461	3,157,522
Total streets and sanitation	<u>4,602,088</u>	<u>4,499,810</u>	<u>102,278</u>	<u>3,776,898</u>
Health				
Personal services	72,277	80,984	(8,707)	73,424
Other	277,600	266,275	11,325	258,459
Total health	<u>349,877</u>	<u>347,259</u>	<u>2,618</u>	<u>331,883</u>
Total expenditures - current operations	<u>\$25,766,853</u>	<u>\$26,576,735</u>	<u>(\$809,882)</u>	<u>\$21,986,586</u>

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 use in drug enforcement only.

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

THE CITY OF HOOVER, ALABAMA
Special Revenue Funds
Combining Balance Sheets
September 30, 1996
(with comparative totals for September 30, 1995)

	<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	\$47,773	\$216,880	\$309,794
Due from other governments			
State	-	34,942	30,424
Total assets	<u><u>\$47,773</u></u>	<u><u>\$251,822</u></u>	<u><u>\$340,218</u></u>
Liabilities and fund balances			
Liabilities			
Accounts payable	-	-	\$92,646
Accrued liabilities	\$26,446	\$7,107	-
Total liabilities	<u>26,446</u>	<u>7,107</u>	<u>92,646</u>
Fund balances			
Unreserved, undesignated	<u>21,327</u>	<u>244,715</u>	<u>247,572</u>
Total liabilities and fund balances	<u><u>\$47,773</u></u>	<u><u>\$251,822</u></u>	<u><u>\$340,218</u></u>

Drug Enforce- ment	Court and Corrections	Totals	
		1996	1995
\$4,187	\$153,373	\$732,007	\$717,106
-	-	65,366	61,058
<u>\$4,187</u>	<u>\$153,373</u>	<u>\$797,373</u>	<u>\$778,164</u>
\$4,187	-	\$96,833	\$223
-	-	33,553	-
<u>4,187</u>	<u>-</u>	<u>130,386</u>	<u>223</u>
-	\$153,373	666,987	777,941
<u>\$4,187</u>	<u>\$153,373</u>	<u>\$797,373</u>	<u>\$778,164</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, 1996

(with comparative totals for the fiscal year ended September 30, 1995)

	E-911	State Seven Cent Gasoline Tax	State Four and Five Cent Gasoline Tax
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Intergovernmental	-	\$359,000	\$330,182
Interest on pooled cash and investments	\$5,911	12,518	25,095
Telephone surcharge	655,278	-	-
Court costs	-	-	-
Confiscated drug funds	-	-	-
Total revenues	<u>661,189</u>	<u>371,518</u>	<u>355,277</u>
Expenditures			
Current Operations			
Public safety			
Police			
Personal services	800,252	-	-
Other	-	-	-
Streets and sanitation			
Personal services	-	340,587	-
Other	-	-	464,911
Total	<u>800,252</u>	<u>340,587</u>	<u>464,911</u>
Capital outlays	-	-	-
Total expenditures	<u>800,252</u>	<u>340,587</u>	<u>464,911</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(139,063)</u>	<u>30,931</u>	<u>(109,634)</u>
Other Financing Sources			
Operating transfers in	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>(139,063)</u>	<u>30,931</u>	<u>(109,634)</u>
Fund balances at beginning of year	<u>160,390</u>	<u>213,784</u>	<u>357,206</u>
Fund balances at end of year	<u>\$21,327</u>	<u>\$244,715</u>	<u>\$247,572</u>

Drug Enforcement	Court and Corrections	Totals	
		1996	1995
-	-	\$689,182	\$677,200
\$1,859	\$3,011	48,394	47,863
-	-	655,278	655,822
-	150,362	150,362	-
20,117	-	20,117	83,560
<u>21,976</u>	<u>153,373</u>	<u>1,563,333</u>	<u>1,464,445</u>
-	-	800,252	665,901
62,219	-	62,219	30,021
-	-	340,587	325,200
-	-	464,911	258,110
<u>62,219</u>	<u>-</u>	<u>1,667,969</u>	<u>1,279,232</u>
8,464	-	8,464	49,810
<u>70,683</u>	<u>-</u>	<u>1,676,433</u>	<u>1,329,042</u>
<u>(48,707)</u>	<u>153,373</u>	<u>(113,100)</u>	<u>135,403</u>
2,146	-	2,146	-
<u>2,146</u>	<u>-</u>	<u>2,146</u>	<u>-</u>
(46,561)	153,373	(110,954)	135,403
<u>\$46,561</u>	<u>-</u>	<u>777,941</u>	<u>642,538</u>
<u>-</u>	<u>\$153,373</u>	<u>\$666,987</u>	<u>\$777,941</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

	<u>1996</u>	<u>1995</u>
Assets		
Pooled cash and investments	<u>\$47,773</u>	<u>\$160,390</u>
Total assets	<u><u>\$47,773</u></u>	<u><u>\$160,390</u></u>
 Liabilities and fund balances		
Liabilities		
Accrued liabilities	<u>\$26,446</u>	<u>-</u>
Total liabilities	26,446	-
Fund balances		
Unreserved, undesignated	<u>21,327</u>	<u>\$160,390</u>
Total liabilities and fund balances	<u><u>\$47,773</u></u>	<u><u>\$160,390</u></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 years ended September 30

	1996	1995
Revenues		
Telephone surcharge	\$655,278	\$655,822
Interest on pooled cash and investments	5,911	10,856
	661,189	666,678
Total revenues		
 Expenditures		
Current operations		
Public safety		
Police		
Personal services	800,252	665,901
	800,252	665,901
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	(139,063)	777
 Fund balances at beginning of year	160,390	159,613
 Fund balances at end of year	\$21,327	\$160,390

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 years ended September 30

	1996			1995		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Telephone surcharge	\$650,000	\$655,278	\$5,278	\$599,838	\$655,822	\$55,984
Interest on pooled cash and investments	7,500	5,911	(1,589)	3,000	10,856	7,856
Total revenues	<u>657,500</u>	<u>661,189</u>	<u>3,689</u>	<u>602,838</u>	<u>666,678</u>	<u>63,840</u>
Expenditures						
Current operations						
Public safety						
Police						
Personal services	653,211	800,252	(147,041)	653,810	665,901	(12,091)
Total expenditures	<u>653,211</u>	<u>800,252</u>	<u>(147,041)</u>	<u>653,810</u>	<u>665,901</u>	<u>(12,091)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$4,289</u>	<u>(139,063)</u>	<u>(\$143,352)</u>	<u>(\$50,972)</u>	777	<u>\$51,749</u>
Fund balances at beginning of year		<u>160,390</u>			<u>159,613</u>	
Fund balances at end of year		<u>\$21,327</u>			<u>\$160,390</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

	1996	1995
Assets		
Pooled cash and investments	\$216,880	\$181,092
Due from state government	34,942	32,692
Total assets	\$251,822	\$213,784
 Liabilities and fund balances		
Liabilities		
Accrued liabilities	\$7,107	-
Total liabilities	7,107	-
Fund balances		
Unreserved, undesignated	244,715	\$213,784
Total liabilities and fund balances	\$251,822	\$213,784

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 years ended September 30

	<u>1996</u>	<u>1995</u>
Revenues		
Intergovernmental	\$359,000	\$353,887
Interest on pooled cash and investments	12,518	11,493
	<u>371,518</u>	<u>365,380</u>
Expenditures		
Current operations		
Streets and sanitation		
Personal services	340,587	325,200
	<u>340,587</u>	<u>325,200</u>
Excess of revenues over expenditures	30,931	40,180
Fund balances at beginning of year	<u>213,784</u>	<u>173,604</u>
Fund balances at end of year	<u><u>\$244,715</u></u>	<u><u>\$213,784</u></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 years ended September 30

	1996			1995		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$375,000	\$359,000	(\$16,000)	\$350,000	\$353,887	\$3,887
Interest on pooled cash and investments	12,000	12,518	518	8,000	11,493	3,493
Total revenues	<u>387,000</u>	<u>371,518</u>	<u>(15,482)</u>	<u>358,000</u>	<u>365,380</u>	<u>7,380</u>
Expenditures						
Current operations						
Streets and sanitation						
Personal services	<u>326,047</u>	<u>340,587</u>	<u>(14,540)</u>	<u>325,200</u>	<u>325,200</u>	<u>-</u>
Total expenditures	<u>326,047</u>	<u>340,587</u>	<u>(14,540)</u>	<u>325,200</u>	<u>325,200</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$60,953</u>	30,931	<u>(\$30,022)</u>	<u>\$32,800</u>	40,180	<u>\$7,380</u>
Fund balances at beginning of year		<u>213,784</u>			<u>173,604</u>	
Fund balances at end of year		<u>\$244,715</u>			<u>\$213,784</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

	1996	1995
Assets		
Pooled cash and investments	\$309,794	\$328,840
Due from state government	30,424	28,366
Total assets	\$340,218	\$357,206
Liabilities and fund balances		
Liabilities		
Accounts payable	\$92,646	-
Total liabilities	92,646	-
Fund balances		
Unreserved, undesignated	247,572	\$357,206
Total liabilities and fund balances	\$340,218	\$357,206

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
For the fiscal years ended September 30

	<u>1996</u>	<u>1995</u>
Revenues		
Intergovernmental	\$330,182	\$323,313
Interest on pooled cash and investments	<u>25,095</u>	<u>21,359</u>
Total revenues	<u>355,277</u>	<u>344,672</u>
 Expenditures		
Current operations		
Streets and sanitation		
Other	<u>464,911</u>	<u>258,110</u>
Total expenditures	<u>464,911</u>	<u>258,110</u>
Excess (deficiency) of revenues over (under) expenditures	(109,634)	86,562
 Fund balances at beginning of year	<u>357,206</u>	<u>270,644</u>
Fund balances at end of year	<u><u>\$247,572</u></u>	<u><u>\$357,206</u></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 years ended September 30

	1996			1995		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$325,000	\$330,182	\$5,182	\$325,000	\$323,313	(\$1,687)
Interest on pooled cash and investments	20,000	25,095	5,095	9,000	21,359	12,359
Total revenues	<u>345,000</u>	<u>355,277</u>	<u>10,277</u>	<u>334,000</u>	<u>344,672</u>	<u>10,672</u>
Expenditures						
Current operations						
Streets and sanitation						
Other	375,000	464,911	(89,911)	358,000	258,110	99,890
Total expenditures	<u>375,000</u>	<u>464,911</u>	<u>(89,911)</u>	<u>358,000</u>	<u>258,110</u>	<u>99,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$30,000)</u>	<u>(109,634)</u>	<u>(\$79,634)</u>	<u>(\$24,000)</u>	<u>86,562</u>	<u>\$110,562</u>
Fund balances at beginning of year		<u>357,206</u>			<u>270,644</u>	
Fund balances at end of year		<u>\$247,572</u>			<u>\$357,206</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 Balance Sheets
September 30

	<u>1996</u>	<u>1995</u>
Assets		
Pooled cash and investments	<u>\$4,187</u>	<u>\$46,784</u>
Total assets	<u><u>\$4,187</u></u>	<u><u>\$46,784</u></u>
Liabilities and fund balances		
Liabilities		
Accounts payable	<u>\$4,187</u>	<u>\$223</u>
Total liabilities	4,187	223
Fund balances		
Unreserved, undesignated	<u>-</u>	<u>46,561</u>
Total liabilities and fund balances	<u><u>\$4,187</u></u>	<u><u>\$46,784</u></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 years ended September 30

	<u>1996</u>	<u>1995</u>
Revenues		
Confiscated drug funds	\$20,117	\$83,560
Interest on pooled cash and investments	1,859	4,155
Total revenues	<u>21,976</u>	<u>87,715</u>
 Expenditures		
Current operations		
Public safety		
Police		
Other	62,219	30,021
Total	<u>62,219</u>	<u>30,021</u>
Capital outlays	8,464	49,810
Total expenditures	<u>70,683</u>	<u>79,831</u>
 Excess (deficiency) of revenues over (under) expenditures	 (48,707)	 7,884
 Other Financing Sources		
Operating transfers in	2,146	-
Total other financing sources	<u>2,146</u>	<u>-</u>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures	 (46,561)	 7,884
 Fund balances at beginning of year	 <u>\$46,561</u>	 <u>38,677</u>
 Fund balances at end of year	 <u><u>-</u></u>	 <u><u>\$46,561</u></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 years ended September 30

	1996			1995		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Confiscated drug funds	\$100,000	\$20,117	(\$79,883)	\$50,000	\$83,560	\$33,560
Interest on pooled cash and investments	5,000	1,859	(3,141)	1,000	4,155	3,155
Total revenues	<u>105,000</u>	<u>21,976</u>	<u>(83,024)</u>	<u>51,000</u>	<u>87,715</u>	<u>36,715</u>
Expenditures						
Current operations						
Public safety						
Police						
Other	65,883	62,219	3,664	26,295	30,021	(3,726)
Total	<u>65,883</u>	<u>62,219</u>	<u>3,664</u>	<u>26,295</u>	<u>30,021</u>	<u>(3,726)</u>
Capital outlays	31,750	8,464	23,286	62,695	49,810	12,885
Total expenditures	<u>97,633</u>	<u>70,683</u>	<u>26,950</u>	<u>88,990</u>	<u>79,831</u>	<u>9,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,367</u>	<u>(48,707)</u>	<u>(56,074)</u>	<u>(37,990)</u>	<u>7,884</u>	<u>45,874</u>
Other Financing Sources						
Operating transfers in	-	2,146	2,146	-	-	-
Total other financing sources	<u>-</u>	<u>2,146</u>	<u>2,146</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$7,367</u>	<u>(46,561)</u>	<u>(\$53,928)</u>	<u>(\$37,990)</u>	<u>7,884</u>	<u>\$45,874</u>
Fund balances at beginning of year		<u>\$46,561</u>			<u>38,677</u>	
Fund balances at end of year		<u>-</u>			<u>\$46,561</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

	<u>1996</u>	<u>1995</u>
Assets		
Pooled cash and investments	<u>\$153,373</u>	<u>-</u>
Total assets	<u><u>\$153,373</u></u>	<u><u>-</u></u>
Liabilities and fund balances		
Fund balances		
Unreserved, undesignated	<u>\$153,373</u>	<u>-</u>
Total liabilities and fund balances	<u><u>\$153,373</u></u>	<u><u>-</u></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 years ended September 30

	1996	1995
Revenues		
Court costs	\$150,362	-
Interest on pooled cash and investments	3,011	-
	153,373	-
Total revenues		
	153,373	-
Expenditures		
Current operations		
Municipal court		
Other	-	-
	-	-
Total expenditures		
	-	-
Excess of revenues over expenditures	153,373	-
Fund balances at beginning of year	-	-
Fund balances at end of year	\$153,373	-

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 years ended September 30

	1996			1995		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Court costs	\$120,000	\$150,362	\$30,362	-	-	-
Interest on pooled cash and investments	-	3,011	3,011	-	-	-
Total revenues	<u>120,000</u>	<u>153,373</u>	<u>33,373</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Current operations						
Municipal Court						
Other	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$120,000</u>	<u>153,373</u>	<u>\$33,373</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at beginning of year		<u>-</u>			<u>-</u>	
Fund balances at end of year		<u>\$153,373</u>			<u>-</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.

One-Half Cent Capital Projects Fund accounts for financial resources to be used from the proceeds of a one cent sales and use tax increase passed during fiscal 1994. By resolution, the City Council voted to use one-half of the increase generally for the acquisition or construction of major capital projects.

1990 Capital Projects Fund accounted for the proceeds of the general obligation warrants dated September 1, 1990, which were used for the acquisition or construction of major capital facilities. This fund was closed at the end of fiscal year 1995.

THE CITY OF HOOVER, ALABAMA
Capital Projects Funds
Combining Balance Sheet
September 30, 1996
(with comparative totals for September 30, 1995)

	One-half Cent Capital Projects	1990 Capital Projects	Totals	
			1996	1995
Assets				
Pooled cash and investments	\$353,462	-	\$353,462	\$1,204,328
Total assets	\$353,462	-	\$353,462	\$1,204,328
Liabilities and fund balances				
Liabilities				
Accounts payable	\$324,081	-	\$324,081	\$17,905
General obligation warrants payable	-	-	-	660,377
Total liabilities	324,081	-	324,081	678,282
Fund balances				
Unreserved, designated for acquisition, construction and improvements	29,381	-	29,381	526,046
Total liabilities and fund balances	\$353,462	-	\$353,462	\$1,204,328

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, 1996
(with comparative totals for the fiscal year ended September 30, 1995)

	One-half Cent Capital Projects	1990 Capital Projects	Totals	
			1996	1995
Revenues				
Interest on pooled cash and investments	\$63,776	-	\$63,776	\$115,138
Total revenues	63,776	-	63,776	115,138
Expenditures				
Capital outlays	5,130,917	-	5,130,917	6,479,719
Total	5,130,917	-	5,130,917	6,479,719
Debt service				
Interest	39,623	-	39,623	-
Total expenditures	5,170,540	-	5,170,540	6,479,719
Deficiency of revenues under expenditures	(5,106,764)	-	(5,106,764)	(6,364,581)
Other financing sources				
Operating transfers in	4,610,099	-	4,610,099	4,975,000
Proceeds of general obligation warrants	-	-	-	1,700,000
Total other financing sources	4,610,099	-	4,610,099	6,675,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(496,665)	-	(496,665)	310,419
Fund balances at beginning of year	526,046	-	526,046	215,627
Fund balances at end of year	\$29,381	-	\$29,381	\$526,046

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

THE CITY OF HOOVER, ALABAMA
One-half Cent Capital Projects Fund
Comparative Balance Sheets
September 30

	1996	1995
Assets		
Pooled cash and investments	\$353,462	\$1,204,328
Total assets	\$353,462	\$1,204,328
 Liabilities and fund balances		
Liabilities		
Accounts payable	\$324,081	\$17,905
General obligation warrants payable	-	660,377
Total liabilities	324,081	678,282
 Fund balances		
Unreserved, designated for acquisition, construction and improvements	29,381	526,046
Total liabilities and fund balances	\$353,462	\$1,204,328

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

THE CITY OF HOOVER, ALABAMA
One-half Cent Capital Projects Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance
For the fiscal years ended September 30

	<u>1996</u>	<u>1995</u>
Revenues		
Interest on pooled cash and investments	\$63,776	\$109,719
Total revenues	<u>63,776</u>	<u>109,719</u>
 Expenditures		
Capital outlays		
Administrative	5,130,917	6,259,673
Total	<u>5,130,917</u>	<u>6,259,673</u>
Debt service		
Interest	39,623	-
Total expenditures	<u>5,170,540</u>	<u>6,259,673</u>
 Deficiency of revenues under expenditures	<u>(5,106,764)</u>	<u>(6,149,954)</u>
 Other financing sources		
Operating transfers in	4,610,099	4,975,000
Proceeds of general obligation warrants	-	1,700,000
Total other financing sources	<u>4,610,099</u>	<u>6,675,000</u>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>(496,665)</u>	525,046
 Fund balance at beginning of year	<u>526,046</u>	<u>1,000</u>
 Fund balance at end of year	<u><u>\$29,381</u></u>	<u><u>\$526,046</u></u>

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

THE CITY OF HOOVER, ALABAMA
1990 Capital Projects Fund
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
For the fiscal years ended September 30

	<u>1996</u>	<u>1995</u>
Revenues		
Interest on pooled cash and investments	-	\$5,419
	<u>-</u>	<u>\$5,419</u>
Total revenues	-	5,419
	<u>-</u>	<u>5,419</u>
Expenditures		
Capital outlays		
Fire station	-	-
Administrative	-	220,046
	<u>-</u>	<u>220,046</u>
Total expenditures	-	220,046
	<u>-</u>	<u>220,046</u>
Deficiency of revenues under expenditures	-	(214,627)
Fund balances at beginning of year	-	\$214,627
	<u>-</u>	<u>\$214,627</u>
Fund balances at end of year	-	-
	<u>-</u>	<u>-</u>

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

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

	<u>1996</u>	<u>1995</u>
Assets		
Current assets		
Pooled cash and investments	\$5,852,056	\$5,964,961
Accounts receivable	96,631	109,059
Inventory	3,100	3,100
Total current assets	<u>5,951,787</u>	<u>6,077,120</u>
Property, plant and equipment		
Equipment	228,218	225,563
Land	643,000	643,000
Sewage treatment plants	6,591,715	5,822,031
Total property, plant and equipment	<u>7,462,933</u>	<u>6,690,594</u>
Less accumulated depreciation	(4,034,463)	(3,539,594)
Net property, plant and equipment	<u>3,428,470</u>	<u>3,151,000</u>
 Total assets	 <u><u>\$9,380,257</u></u>	 <u><u>\$9,228,120</u></u>
Liabilities and equity		
Current liabilities		
Accounts payable	\$112,527	\$4,391
Refundable deposits	5,000	5,000
Accrued expenses	7,419	5,066
Total current liabilities	<u>124,946</u>	<u>14,457</u>
Equity		
Contributed capital		
Government	4,250,000	4,250,000
Customers	2,081,812	1,967,962
Developers	1,819,885	1,819,885
Total contributed capital	<u>8,151,697</u>	<u>8,037,847</u>
Retained earnings	1,103,614	1,175,816
Total equity	<u>9,255,311</u>	<u>9,213,663</u>
 Total liabilities and equity	 <u><u>\$9,380,257</u></u>	 <u><u>\$9,228,120</u></u>

*A statement of revenues, expenses and changes in retained earnings (deficit) and a statement of cash flows for the Sewer Enterprise Fund is presented in the general purpose financial statements of this report.

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

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AGENCY FUND

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Deferred Compensation Agency Fund accounts for assets held for employees in accordance with the provisions of Internal Revenue Code Section 457.

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THE CITY OF HOOVER, ALABAMA
Deferred Compensation Agency Fund
Statement of Changes in Assets and Liabilities
For the fiscal year ended September 30, 1996

	<u>Balance</u> <u>October 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30, 1996</u>
Assets				
Deferred compensation plan assets	<u>\$536,687</u>	<u>\$268,007</u>	<u>-</u>	<u>\$804,694</u>
Liabilities				
Deferred compensation benefits payable	<u>\$536,687</u>	<u>\$268,007</u>	<u>-</u>	<u>\$804,694</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 Schedule of General Fixed Assets by Source
 September 30

	<u>1996</u>	<u>1995</u>
General Fixed Assets		
Land	\$7,225,622	\$7,225,622
Buildings	9,755,162	8,501,669
Improvements other than buildings	3,136,402	3,041,190
Equipment and vehicles	11,016,245	10,112,018
Contruction in progress	<u>14,458</u>	<u>-</u>
Total general fixed assets	<u><u>\$31,147,889</u></u>	<u><u>\$28,880,499</u></u>
 Investment in General Fixed Assets		
General obligation warrants	\$10,255,591	\$10,255,591
Long-term notes payable	399,334	399,334
Federal grants	1,256,344	1,256,344
General revenues	15,306,722	13,067,782
Donations and annexations	<u>3,929,898</u>	<u>3,901,448</u>
Total investment in general fixed assets	<u><u>\$31,147,889</u></u>	<u><u>\$28,880,499</u></u>

THE CITY OF HOOVER, ALABAMA
Schedule of General Fixed Assets by Function and Activity
September 30, 1996

<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	\$6,760,149	\$4,655,551	\$2,838,255	\$1,830,124	\$16,084,079
Municipal garage	-	254,492	-	85,693	340,185
Total general government	<u>6,760,149</u>	<u>4,910,043</u>	<u>2,838,255</u>	<u>1,915,817</u>	<u>16,424,264</u>
Public safety					
Police	-	-	54,217	2,987,972	3,042,189
Fire	465,473	4,336,134	137,147	4,059,984	8,998,738
Inspection	-	-	48,179	280,942	329,121
Total public safety	<u>465,473</u>	<u>4,336,134</u>	<u>239,543</u>	<u>7,328,898</u>	<u>12,370,048</u>
Municipal Court	-	-	1,005	67,648	68,653
Streets and sanitation	-	508,985	57,599	1,655,806	2,222,390
Health	-	-	-	48,076	48,076
Total general fixed assets allocated to functions and activities	<u>\$7,225,622</u>	<u>\$9,755,162</u>	<u>\$3,136,402</u>	<u>\$11,016,245</u>	<u>31,133,431</u>
Construction in progress					<u>14,458</u>
Total general fixed assets					<u>\$31,147,889</u>

THE CITY OF HOOVER, ALABAMA
Schedule of Changes in General Fixed Assets by Function and Activity
For the fiscal year ended September 30, 1996

<u>Function and Activity</u>	<u>General Fixed assets October 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets September 30, 1996</u>
General government				
Administration	\$15,750,426	\$485,220	\$151,567	\$16,084,079
Municipal garage	314,351	25,834	-	340,185
Total general government	<u>16,064,777</u>	<u>511,054</u>	<u>151,567</u>	<u>16,424,264</u>
Public safety				
Police	2,958,160	711,905	627,876	3,042,189
Fire	7,392,129	1,690,377	83,768	8,998,738
Inspection	333,386	9,398	13,663	329,121
Total public safety	<u>10,683,675</u>	<u>2,411,680</u>	<u>725,307</u>	<u>12,370,048</u>
Municipal Court	<u>55,703</u>	<u>14,651</u>	<u>1,701</u>	<u>68,653</u>
Streets and sanitation	<u>2,057,830</u>	<u>544,660</u>	<u>380,100</u>	<u>2,222,390</u>
Health	<u>18,514</u>	<u>29,562</u>	<u>-</u>	<u>48,076</u>
Construction in progress	<u>-</u>	<u>14,458</u>	<u>-</u>	<u>14,458</u>
Total general fixed assets	<u><u>\$28,880,499</u></u>	<u><u>\$3,526,065</u></u>	<u><u>\$1,258,675</u></u>	<u><u>\$31,147,889</u></u>

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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 Schedule of General Long-Term Debt
September 30

	1996	1995
Amounts available and to be provided for the payment of general long-term debt		
Amount to be provided from General Fund revenues	\$65,503,756	\$67,211,350
Total available and to be provided	\$65,503,756	\$67,211,350
 General Long-term debt		
General obligation warrants payable	\$62,411,015	\$64,303,684
Capital lease payable	9,338	28,014
Claims and judgments payable	391,837	415,311
Accrued compensated leave	2,691,566	2,464,341
Total general long-term debt	\$65,503,756	\$67,211,350

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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 they 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, 1996
(with comparative totals for September 30, 1995)

	<u>Board of Education</u>	<u>Park & Recreation Board</u>	<u>Library Board</u>
Assets and other debits			
Assets			
Pooled cash and investments	\$14,711,180	\$81,569	\$91,692
Interest receivable	-	-	-
Due from other governments			
County	363,561	-	-
State	-	-	-
Federal	64,755	-	-
Due from other funds	9,629,232	-	-
Due from contractor	195,317	-	-
Prepaid items	2,052	-	-
Inventory	41,352	-	-
Fixed assets	118,146,294	38,691,177	6,144,502
Deferred compensation plan assets	1,225,148	-	-
Other debits			
Amount to be provided for retirement of general long-term debt	85,073,893	-	-
Total assets	<u><u>\$229,452,784</u></u>	<u><u>\$38,772,746</u></u>	<u><u>\$6,236,194</u></u>
Liabilities, equity and other credits			
Liabilities			
Accounts payable & accrued liabilities	\$3,428,309	\$81,569	\$51,893
Loan payable - primary government	-	-	-
Due to other funds	9,629,232	-	-
Notes and capital leases payable	730,627	-	-
General obligation warrants payable	82,730,695	-	-
Deferred compensation benefits payable	1,225,148	-	-
Total liabilities	<u><u>97,744,011</u></u>	<u><u>81,569</u></u>	<u><u>51,893</u></u>
Equity and other credits			
Investment in general fixed assets	118,146,294	38,691,177	6,144,502
Fund balances			
Reserved for inventories	41,352	-	-
Reserved for building commitments	25,579	-	-
Reserved for encumbrances	140,231	-	-
Unreserved, undesignated	13,355,317	-	39,799
Total equity and other credits	<u><u>131,708,773</u></u>	<u><u>38,691,177</u></u>	<u><u>6,184,301</u></u>
Total liabilities, equity and other credits	<u><u>\$229,452,784</u></u>	<u><u>\$38,772,746</u></u>	<u><u>\$6,236,194</u></u>

<u>Totals</u>	
<u>1996</u>	<u>1995</u>
\$14,884,441	\$16,287,887
-	63,064
363,561	345,033
-	15,800
64,755	117,681
9,629,232	-
195,317	-
2,052	-
41,352	36,375
162,981,973	151,884,129
1,225,148	907,621
<u>85,073,893</u>	<u>93,434,199</u>
<u>\$274,461,724</u>	<u>\$263,091,789</u>
\$3,561,771	\$3,590,306
-	7,845,000
9,629,232	-
730,627	489,270
82,730,695	83,469,929
1,225,148	941,420
<u>97,877,473</u>	<u>96,335,925</u>
162,981,973	151,884,129
41,352	36,375
25,579	2,877,649
140,231	521,547
13,395,116	11,436,164
<u>176,584,251</u>	<u>166,755,864</u>
<u>\$274,461,724</u>	<u>\$263,091,789</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 Statements of Revenues, Expenditures and Changes in Fund Balances

For the fiscal year ended September 30, 1996

(with comparative totals for the fiscal year ended September 30, 1995)

	<u>Board of Education</u>	<u>Park & Recreation Board</u>	<u>Library Board</u>
Revenues			
Licenses and permits	-	\$526,735	-
Intergovernmental	\$47,228,430	-	\$136,184
Fines & forfeits	-	-	60,155
Interest on pooled cash and investments	-	-	3,174
Stadium lease	-	168,800	-
Other	7,860,974	25,350	102,289
Total revenues	<u>55,089,404</u>	<u>720,885</u>	<u>301,802</u>
Expenditures			
Current operations			
General government	1,423,723	-	-
Recreation	-	2,581,299	-
Library	-	-	2,512,764
Instructional services	25,096,744	-	-
Instructional support services	5,099,619	-	-
Operation and maintenance	4,579,212	-	-
Auxiliary services	4,063,403	-	-
Fixed charges	8,505,241	-	-
Other	792,061	-	-
Total	<u>49,560,003</u>	<u>2,581,299</u>	<u>2,512,764</u>
Capital outlays	7,621,233	183,141	81,779
Debt service			
Principal	2,273,856	-	-
Interest and fiscal charges	4,566,907	-	-
Total expenditures	<u>64,021,999</u>	<u>2,764,440</u>	<u>2,594,543</u>
Deficiency of revenues under expenditures	<u>(8,932,595)</u>	<u>(2,043,555)</u>	<u>(2,292,741)</u>
Other financing sources (uses)			
Operating transfers in - primary government	5,915,096	2,043,555	2,265,097
Proceeds of general obligation warrants notes payable and capital leases	1,775,686	-	-
Total other financing sources (uses)	<u>7,690,782</u>	<u>\$2,043,555</u>	<u>2,265,097</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	(1,241,813)	-	(27,644)
Fund balances at beginning of year	<u>14,804,292</u>	<u>-</u>	<u>67,443</u>
Fund balances at end of year	<u>\$13,562,479</u>	<u>-</u>	<u>\$39,799</u>

Totals	
<u>1996</u>	<u>1995</u>
\$526,735	\$510,637
47,364,614	42,070,925
60,155	53,807
3,174	2,214
168,800	238,758
7,988,613	7,018,089
<u>56,112,091</u>	<u>49,894,430</u>
1,423,723	1,262,025
2,581,299	2,356,639
2,512,764	2,293,870
25,096,744	22,523,748
5,099,619	5,459,204
4,579,212	4,099,025
4,063,403	3,788,996
8,505,241	7,164,630
792,061	961,528
<u>54,654,066</u>	<u>49,909,665</u>
7,886,153	17,387,873
2,273,856	11,806,966
4,566,907	4,918,450
<u>69,380,982</u>	<u>84,022,954</u>
<u>(13,268,891)</u>	<u>(34,128,524)</u>
10,223,748	9,916,528
1,775,686	20,243,751
<u>11,999,434</u>	<u>30,160,279</u>
(1,269,457)	(3,968,245)
<u>14,871,735</u>	<u>18,839,980</u>
<u>\$13,602,278</u>	<u>\$14,871,735</u>

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

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**PUBLIC PARK 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 Public Park and Recreation Board of the City of Hoover is provided because the Park 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 - Park and Recreation Board
Combined Balance Sheet
All Fund Types and Account Groups
September 30, 1996
(with comparative totals for September 30, 1995)

	Governmental Fund Types	Account Groups	Totals (Memorandum Only)	
	General	General Fixed Assets	1996	1995
Assets				
Pooled cash and investments	\$81,569	-	\$81,569	-
Fixed assets	-	\$38,691,177	38,691,177	\$34,986,285
Total assets	\$81,569	\$38,691,177	\$38,772,746	\$34,986,285
Liabilities, equity and other credits				
Liabilities				
Accounts payable	\$30,562	-	\$30,562	-
Accrued expenses	51,007	-	51,007	-
Total liabilities	81,569	-	81,569	-
Equity and other credits				
Investment in general fixed assets	-	\$38,691,177	38,691,177	\$34,986,285
Total equity and other credits	-	38,691,177	38,691,177	34,986,285
Total liabilities, equity and other credits	\$81,569	\$38,691,177	\$38,772,746	\$34,986,285

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

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Unit - Park and Recreation Board
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
For the fiscal years ended September 30,

	Governmental Fund Types	
	General	
	1996	1995
Revenues		
Licenses and permits	\$526,735	\$510,637
Stadium lease	168,800	238,758
Other	25,350	19,605
Total revenues	720,885	769,000
Expenditures		
Current operations		
Recreation		
Personal services	1,737,799	1,502,268
Other	843,500	854,371
Total	2,581,299	2,356,639
Capital outlays	183,141	647,179
Total expenditures	2,764,440	3,003,818
Deficiency of revenues under expenditures	(2,043,555)	(2,234,818)
Other financing sources		
Operating transfers in - primary government	\$2,043,555	\$2,234,818
Excess (Deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	-	-
Fund balances at beginning of year	-	-
Fund balances at end of year	-	-

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

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Unit - Park and Recreation Board
Comparative Schedule of General Fixed Assets by Source
September 30

General Fixed Assets	<u>1996</u>	<u>1995</u>
Land	\$8,815,305	\$8,789,190
Buildings	6,213,347	6,213,347
Improvements other than buildings	22,587,378	19,060,298
Equipment and vehicles	<u>1,075,147</u>	<u>923,450</u>
Total general fixed assets	<u><u>\$38,691,177</u></u>	<u><u>\$34,986,285</u></u>
Investment in General Fixed Assets		
General obligation warrants	\$23,828,556	\$23,828,556
Long-term notes payable	500,000	500,000
Capital leases payable	93,500	93,500
Park and Recreation Board bond	427,146	427,146
General revenues	9,762,915	9,611,418
Donations and annexations	525,665	525,665
Donations from primary government	<u>3,553,395</u>	<u>-</u>
Total investment in general fixed assets	<u><u>\$38,691,177</u></u>	<u><u>\$34,986,285</u></u>

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Unit - Park and Recreation Board
Schedule of General Fixed Assets by Function and Activity
September 30, 1996

<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>
Recreation	<u>\$8,815,305</u>	<u>\$6,213,347</u>	<u>\$22,587,378</u>	<u>\$1,075,147</u>	<u>\$38,691,177</u>
Total general fixed assets allocated to functions and activities	<u><u>\$8,815,305</u></u>	<u><u>\$6,213,347</u></u>	<u><u>\$22,587,378</u></u>	<u><u>\$1,075,147</u></u>	<u><u>\$38,691,177</u></u>

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Unit - Park and Recreation Board
Schedule of Changes in General Fixed Assets by Function and Activity
For the fiscal year ended September 30, 1996

<u>Function and Activity</u>	<u>General Fixed assets October 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets September 30, 1996</u>
Recreation	<u>\$34,986,285</u>	<u>\$3,735,911</u>	<u>\$31,019</u>	<u>\$38,691,177</u>
Total general fixed assets	<u><u>\$34,986,285</u></u>	<u><u>\$3,735,911</u></u>	<u><u>\$31,019</u></u>	<u><u>\$38,691,177</u></u>

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**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 Sheet
All Fund Types and Account Groups
September 30, 1996
(with comparative totals for September 30, 1995)

	<u>Governmental Fund Types</u>	<u>Account Groups</u>	<u>Totals (Memorandum Only)</u>	
	<u>General</u>	<u>General Fixed Assets</u>	<u>1996</u>	<u>1995</u>
Assets				
Pooled cash and investments	\$91,692	-	\$91,692	\$67,443
Fixed assets	-	\$6,144,502	6,144,502	6,174,469
Total assets	<u>\$91,692</u>	<u>\$6,144,502</u>	<u>\$6,236,194</u>	<u>\$6,241,912</u>
Liabilities, equity and other credits				
Liabilities				
Accounts payable	\$16,565	-	\$16,565	-
Accrued expenses	35,328	-	35,328	-
Total liabilities	<u>51,893</u>	<u>-</u>	<u>51,893</u>	<u>-</u>
Equity and other credits				
Investment in general fixed assets	-	\$6,144,502	6,144,502	\$6,174,469
Fund balance				
Unreserved, undesignated	39,799	-	39,799	67,443
Total equity and other credits	<u>39,799</u>	<u>6,144,502</u>	<u>6,184,301</u>	<u>6,241,912</u>
Total liabilities, equity and other credits	<u>\$91,692</u>	<u>\$6,144,502</u>	<u>\$6,236,194</u>	<u>\$6,241,912</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 years ended September 30,

	Governmental Fund Types	
	General	
	1996	1995
Revenues		
Intergovernmental	\$136,184	\$113,313
Fines & forfeits	60,155	53,807
Interest on pooled cash and investments	3,174	2,214
Other	102,289	123,211
Total revenues	<u>301,802</u>	<u>292,545</u>
Expenditures		
Current operations		
Library		
Personal services	1,529,924	1,354,508
Other	982,840	939,362
Total	<u>2,512,764</u>	<u>2,293,870</u>
Capital outlays	<u>81,779</u>	<u>136,980</u>
Total expenditures	<u>2,594,543</u>	<u>2,430,850</u>
Deficiency of revenues under expenditures	(2,292,741)	(2,138,305)
Other financing sources		
Operating transfers in - primary government	<u>2,265,097</u>	<u>2,134,293</u>
Deficiency of revenues and other financing sources under expenditures and other financing uses	(27,644)	(4,012)
Fund balances at beginning of year	<u>67,443</u>	<u>71,455</u>
Fund balances at end of year	<u><u>\$39,799</u></u>	<u><u>\$67,443</u></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 Schedule of General Fixed Assets by Source
 September 30

	<u>1996</u>	<u>1995</u>
General Fixed Assets		
Buildings	\$5,498,255	\$5,498,255
Improvements other than buildings	99,049	86,050
Equipment and vehicles	<u>547,198</u>	<u>590,164</u>
Total general fixed assets	<u><u>\$6,144,502</u></u>	<u><u>\$6,174,469</u></u>
Investment in General Fixed Assets		
General obligation warrants	\$5,902,919	\$5,902,919
General revenues	166,124	271,550
Donations from primary government	<u>75,459</u>	<u>-</u>
Total investment in general fixed assets	<u><u>\$6,144,502</u></u>	<u><u>\$6,174,469</u></u>

THE CITY OF HOOVER, ALABAMA
Discretely Presented Component Unit - Library Board
Schedule of General Fixed Assets by Function and Activity
September 30, 1996

<u>Function and Activity</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Equipment and Vehicles</u>	<u>Total</u>
Library	<u>\$5,498,255</u>	<u>\$99,049</u>	<u>\$547,198</u>	<u>\$6,144,502</u>
Total general fixed assets allocated to functions and activities	<u><u>\$5,498,255</u></u>	<u><u>\$99,049</u></u>	<u><u>\$547,198</u></u>	<u><u>\$6,144,502</u></u>

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, 1996

<u>Function and Activity</u>	<u>General Fixed assets October 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets September 30, 1996</u>
Library	<u>\$6,174,469</u>	<u>\$75,459</u>	<u>\$105,426</u>	<u>\$6,144,502</u>
Total general fixed assets	<u><u>\$6,174,469</u></u>	<u><u>\$75,459</u></u>	<u><u>\$105,426</u></u>	<u><u>\$6,144,502</u></u>

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SUPPLEMENTAL INFORMATION

PRIMARY GOVERNMENT

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THE CITY OF HOOVER, ALABAMA
Schedule of Pension Plan Funding Progress*

Plan year Ended September 30 (A)	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1)/(2)	(4) Surplus (Unfunded) PBO (1)-(2)	(5) Annual Covered Payroll	Surplus (Unfunded) PBO As a Percentage of Covered Payroll (4)/(5)
1986	\$1,682,417	\$1,876,066	89.68%	(\$193,649)	\$3,127,442	(6.19%)
1987	2,453,819	2,669,871	91.91%	(216,052)	4,668,667	(4.63%)
1988	3,273,891	3,632,448	90.13%	(358,557)	6,712,481	(5.34%)
1989	4,559,086	4,719,410	96.60%	(160,324)	7,806,751	(2.05%)
1990	5,876,911	5,532,292	106.23%	344,619	8,272,042	4.17%
1991	7,454,756	6,779,817	109.96%	674,939	9,997,353	6.75%
1992	9,219,844	8,405,849	109.68%	813,995	10,760,283	7.56%
1993	11,157,348	10,265,058	108.69%	892,290	11,861,860	7.52%
1994	13,721,469	13,596,876	100.92%	124,593	12,550,824	0.99%
1995	16,424,697	16,372,771	100.32%	51,926	13,946,515	0.37%

* Unaudited

(A) Date of actuarial valuation.

Source: Employee's Retirement System of Alabama

PBO = Pension Benefit Obligation

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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

Fiscal Year	Sales and Use Tax	Property Tax	In Lieu of Property Tax	Auto Tax	Rental Tax	Total
1987	\$10,415,505	\$1,154,186	\$38,217	\$115,342	\$47,928	\$11,771,178
1988	11,607,404	1,380,883	28,146	138,019	47,719	13,202,171
1989	12,716,945	1,980,915	34,836	155,060	49,046	14,936,802
1990	15,003,431	2,157,136	25,400	165,269	47,310	17,398,546
1991	15,911,832	2,383,888	20,663	228,440	62,750	18,607,573
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 (A)	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

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

Source: City annual financial reports.

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety (B)</u>	<u>Streets and Sanitation</u>	<u>Health</u>	<u>Capital Outlays</u>
1987	\$2,069,240	\$6,025,411	\$2,272,864	\$84,646	\$8,650,166
1988	2,504,863	6,999,518	2,288,101	105,317	16,204,594
1989	2,078,774	7,964,689	2,542,297	124,523	1,835,289
1990	2,244,350	9,600,102	2,760,175	135,333	1,060,623
1991	2,824,151	10,164,111	3,020,169	126,752	7,150,715
1992	2,808,843	10,920,575	3,533,030	105,953	8,466,176
1993	3,110,641	11,789,994	3,764,589	131,824	2,226,812
1994	3,161,080	13,115,674	3,965,613	311,847	2,601,047
1995	3,650,427	14,923,300	4,360,208	331,883	9,543,813
1996	5,573,911	17,018,226	5,305,308	347,259	7,892,679

Continued on next page

(A) This schedule includes the General, Special Revenue and Capital Projects Funds.

(B) Includes Municipal Court.

Source: City annual financial reports.

<u>Debt Service</u>	<u>Total</u>
\$1,472,053	\$20,574,380
3,881,644	31,984,037
3,082,645	17,628,217
4,124,387	19,924,970
4,393,214	27,679,112
4,969,769	30,804,346
5,181,668	26,205,528
5,483,843	28,639,104
4,921,841	37,731,472
5,327,006	41,464,389

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

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental	Fines and Forfeits
1987	\$11,771,178	\$2,631,011	\$890,915	\$255,711
1988	13,202,171	2,719,683	1,021,781	295,758
1989	14,936,802	3,219,790	1,043,063	404,469
1990	17,398,546	3,721,613	1,395,944	380,592
1991	18,607,573	4,848,791	1,259,986	491,556
1992	20,235,049	5,221,673	1,420,471	454,527
1993	23,742,407	6,083,992	2,091,689	461,024
1994	30,891,426	5,860,897	2,168,119	496,575
1995	37,881,580	6,376,852	2,448,911	487,896
1996	39,601,885	6,951,010	2,355,881	852,158

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(A) This schedule includes the General, Special Revenue and Capital Projects Funds.

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

Source: City annual financial reports.

<u>Interest</u>	<u>Other</u>	<u>Total</u>
\$207,925	\$161,826	\$15,918,566
480,062	233,438	17,952,893
383,322	607,592	20,595,038
841,655 (B)	572,068	24,310,418
1,689,072 (B)	1,287,703	28,184,681
972,374 (B)	947,463	29,251,557
836,908 (B)	1,609,216	34,825,236
859,392 (B)	1,370,029	41,646,438
1,180,986 (B)	1,334,423	49,710,648
558,440	1,072,449	51,391,823

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

Jefferson County:

<u>Beginning October 1</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Tax Collections to Tax Levy</u>
1986	\$1,021,885	\$1,008,165	98.7%	\$3,161	\$1,011,326	99.0%
1987	1,186,046	1,179,185	99.4%	6,186	1,185,371	99.9%
1988	1,751,174	1,655,850	94.6%	383	1,656,233	94.6%
1989	1,824,382	1,752,624	96.1%	6,256	1,758,880	96.4%
1990	1,923,931	1,872,508	97.3%	865	1,873,373	97.4%
1991	1,988,919	1,920,859	96.6%	16,478	1,937,337	97.4%
1992	2,054,747	1,935,348	94.2%	21,071	1,956,419	95.2%
1993	2,067,439	1,985,163	96.0%	14,106	1,999,269	96.7%
1994	2,500,454	2,407,911	96.3%	16,516	2,391,395	95.6%
1995	2,730,747	2,486,913	91.1%	8,208	2,495,121	91.4%

Shelby County:

<u>Beginning October 1</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections</u>	<u>Percent of Tax Collections to Tax Levy</u>
1986	\$143,242	\$142,860	99.7%
1987	210,662	195,512	92.8%
1988	328,393	324,682	98.9%
1989	392,809	398,256	101.4%
1990	548,679	510,515	93.0%
1991	736,067	755,187	102.6%
1992	786,651	775,477	98.6%
1993	839,231	803,882	95.8%
1994	1,011,844	977,877	96.6%
1995	1,372,512	1,154,951	84.1%

(A) Property tax on motor vehicles is excluded.

Source: Jefferson and Shelby County Tax Collectors.

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

Located in Jefferson County:

Assessment Date October 1	Real Property (A)		Personal Property (A)	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1986	\$125,892,258	\$884,824,401	\$18,981,584	\$94,907,920
1987	197,510,028	1,329,041,058	26,457,290	132,286,450
1988	207,967,118	1,408,265,431	28,331,826	141,659,130
1989	211,928,255	1,451,431,416	30,148,078	150,740,390
1990	217,467,432	1,507,641,117	32,106,596	160,532,980
1991	225,745,021	1,564,991,798	34,959,344	174,796,720
1992	232,228,585	1,626,395,898	31,343,255	156,718,775
1993	292,958,228	2,037,742,851	32,520,437	162,602,185
1994	299,007,442	2,108,939,188	36,582,126	182,910,630
1995	311,327,661	2,207,875,277	44,224,575	221,122,875

Located in Shelby County:

1986	\$25,740,940	\$128,704,700	\$1,416,320	\$7,081,600
1987	45,294,040	226,470,200	2,225,340	11,126,700
1988	53,956,020	269,780,100	4,214,000	21,070,000
1989	59,066,940	295,334,700	3,412,400	17,062,000
1990	100,310,320	501,551,000	10,342,160	51,710,800
1991	107,783,940	538,919,700	10,665,000	53,325,000
1992	114,616,180	573,080,900	12,254,780	61,273,900
1993	139,602,460	698,012,300	13,720,480	68,602,400
1994	159,994,480	799,972,400	16,629,200	83,146,000
1995	182,967,120	914,835,600	17,921,460	89,607,300

Continued on next page

- (A) Excludes public utilities and motor vehicles.
 (B) Includes real and personal property.

Source: Jefferson and Shelby County Tax Collectors.

Public Utility Property (B)		Total		Ratio of Total Assessed to Total Estimated Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$39,880,100	\$132,800,733	\$184,753,942	\$1,112,533,054	16.6%
44,875,440	149,435,215	268,842,758	1,610,762,723	16.7%
48,758,880	162,367,070	285,057,824	1,712,291,631	16.6%
56,510,980	188,181,563	298,587,313	1,790,353,369	16.7%
61,356,140	204,520,467	310,930,168	1,872,694,564	16.6%
60,831,040	202,749,856	321,535,405	1,942,538,374	16.6%
60,297,380	200,971,168	323,869,220	1,984,085,841	16.3%
67,054,700	223,493,315	392,533,365	2,423,838,351	16.2%
68,298,740	227,639,700	403,888,308	2,519,489,518	16.0%
64,566,900	215,201,478	420,119,136	2,644,199,630	15.9%
\$5,333,580	\$26,667,900	\$32,490,840	\$162,454,200	20.0%
3,002,720	15,013,600	50,522,100	252,610,500	20.0%
2,566,960	12,834,800	60,736,980	303,684,900	20.0%
2,885,720	14,428,600	65,365,060	326,825,300	20.0%
3,040,080	15,200,400	113,692,560	568,462,200	20.0%
3,129,900	15,649,500	121,578,840	607,894,200	20.0%
3,880,840	19,404,200	130,751,800	653,759,000	20.0%
4,640,820	23,204,100	157,963,760	789,818,800	20.0%
12,993,360	64,966,800	189,617,040	948,085,200	20.0%
10,269,280	51,346,400	211,157,860	1,055,789,300	20.0%

Continued from previous page

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	County	County Schools	School District	County Total		
1987	\$0.65	-	\$1.35	\$0.82	\$1.39	\$3.56	\$0.65	\$4.86
1988	0.65	-	1.35	0.82	1.39	3.56	0.65	4.86
1989	0.65	-	1.35	0.82	1.39	3.56	0.65	4.86
1990	0.65	-	1.35	0.82	1.39	3.56	0.65	4.86
1991 (A)	0.65	\$1.40	1.35	0.82	1.39	3.56	0.65	6.26
1992	0.65	1.40	1.35	0.82	1.39	3.56	0.65	6.26
1993	0.65	1.40	1.35	0.82	1.39	3.56	0.65	6.26
1994	0.65	1.40	1.35	0.82	1.39	3.56	0.65	6.26
1995	0.65	1.40	1.35	0.82	1.39	3.56	0.65	6.26
1996	0.65	1.40	1.35	0.82	1.39	3.56	0.65	6.26

Shelby County:

Fiscal Year Ended September 30	City of Hoover		Shelby County				State of Alabama	Total Tax	
	General Fund	City Schools	County	County Schools	School District	Hospital			County Total
1987	\$0.65	-	\$0.75	\$0.90	\$0.60	\$0.40	\$2.65	\$0.65	\$3.95
1988	0.65	-	0.75	0.90	0.60	0.40	2.65	0.65	3.95
1989	0.65	-	0.75	0.90	0.60	0.30	2.55	0.65	3.85
1990	0.65	-	0.75	1.60	0.60	0.40	3.35	0.65	4.65
1991 (A)	0.65	\$1.40	0.75	1.60	0.60	0.40	3.35	0.65	6.05
1992	0.65	1.40	0.75	1.60	0.60	0.40	3.35	0.65	6.05
1993	0.65	1.40	0.75	1.60	0.60	0.40	3.35	0.65	6.05
1994	0.65	1.40	0.75	1.60	0.60	0.40	3.35	0.65	6.05
1995	0.65	1.40	0.75	1.60	0.60	0.40	3.35	0.65	6.05
1996	0.65	1.40	0.75	1.60	0.60	0.40	3.35	0.65	6.05

(A) City voters passed a 14 mill property tax for schools at a referendum held on May 8, 1990. The tax was effective beginning in fiscal 1991.

Source: Jefferson and Shelby County Tax Collectors.

THE CITY OF HOOVER, ALABAMA
Principal Property Taxpayers
For the fiscal year ended September 30, 1996

	City Ad Valorem Taxes	Percentage of Total Property Taxes Collected (A)
Bellsouth Telecommunications	\$452,793	11.04 %
Metropolitan Life Insurance Company	133,677	3.26
Hoover Mall Limited	117,521	2.87
Colonial Realty Ltd.	78,447	1.91
Blue Cross & Blue Shield of Alabama	64,064	1.56
Amsouth Bank	49,526	1.21
Rust International	45,658	1.11
Daniel Companies	42,075	1.03
Harbert Companies	38,873	0.95
Alabama Power Company	30,774	0.75
Galleria Land Venture	30,639	0.75
Total	\$1,084,047	26.44 %

(A) Excludes motor vehicles.

Source: Jefferson and Shelby County Tax Collectors.

THE CITY OF HOOVER, ALABAMA
Computation of Legal Debt Margin
September 30, 1996

Assessed Value of property	<u>\$680,492,636</u> (A)
Debt Limit - 20 percent of total assessed value	136,098,527
Amount of debt applicable to debt limit	<u>58,064,248</u> (B)
Legal debt margin	<u>\$78,034,279</u>

(A) Includes assessed value of motor vehicles totaling \$49,215,640.

(B) Legally excludes general long-term debt issued for the purpose of acquiring, providing, or constructing school houses and sewers.

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>Ratio of Debt To Assessed Value</u>	<u>General Obligation Debt per Capita</u>
1987	31,319	192,914,341 (B)	19,400,000	10.06	619.43
1988	31,319	235,696,242 (B)	33,475,000	14.20	1,068.84
1989	31,319	341,716,138 (B)	42,450,000	12.42	1,355.41
1990	39,788	370,910,744 (B)	56,553,227	15.25	1,421.36
1991	39,788	391,529,273 (B)	56,480,485	14.43	1,419.54
1992 (A)	45,000	451,450,768 (B)	58,037,526	12.86	1,289.72
1993 (A)	48,000	469,130,985 (B)	57,281,488	12.21	1,193.36
1994 (A)	50,000	584,588,625 (B)	64,126,353	10.97	1,282.53
1995 (A)	55,000	636,034,748 (B)	64,303,684	10.11	1,169.16
1996 (A)	56,000	680,492,636 (B)	62,411,015	9.17	1,114.48

(A) Estimate by city.

(B) Includes assessed value of motor vehicles.

Source: City annual financial reports.

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>Ratio of Debt Service to Total General Expenditures</u>
1987	\$1,433,623	\$20,574,380	6.97
1988	3,881,644	31,984,037	12.14
1989	3,082,645	17,628,217	17.49
1990	4,124,387	19,924,970	20.70
1991	4,393,214	27,679,112	15.87
1992	4,969,769	30,804,346	16.13
1993	5,181,668	26,205,528	19.77
1994	5,483,843	28,639,104	19.15
1995	4,921,841	37,731,472	13.04
1996	5,327,006	41,464,389	12.85

(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, 1996

	<u>Total Debt Outstanding</u>	<u>Percentage Applicable to City of Hoover</u>	<u>Amount Applicable to City of Hoover</u>
Direct Debt			
City of Hoover - general obligation warrants	\$62,411,015	100.00 %	\$62,411,015
Overlapping Debt			
Hoover City Board of Education	83,461,322	100.00	83,461,322
Jefferson County	451,972,440	10.02	45,292,393
Jefferson County Board of Education	80,000,000	10.02	8,016,842
Shelby County	50,294,709	20.69	10,405,949
Shelby County Board of Education	57,533,948	20.69	11,903,744
Total overlapping debt	<u>723,262,419</u>		<u>159,080,250</u>
Total direct and overlapping debt	<u>\$785,673,434</u>		<u>\$221,491,265</u>

Source: Jefferson County Comptroller.
Jefferson County Board of Education.
Shelby County Commission.
Shelby County Board of Education.

THE CITY OF HOOVER, ALABAMA
Demographic Statistics

<u>Fiscal Year</u>	<u>Population</u>	<u>Median Household Income</u>	<u>School Age Individuals</u>	<u>Unemployment Rate</u>
1987	31,319 (A)	**	**	6.7 (B) (C)
1988	34,000 (E)	**	5,300 (F)	5.8 (B) (C)
1989	40,000 (E)	**	5,556 (F)	5.5 (B) (C)
1990	39,788 (A)	\$39,527 (G)	6,115 (F)	5.3 (B) (C)
1991	42,500 (G)	40,500 (E)	6,329 (F)	5.6 (B) (C)
1992	45,000 (G)	53,472 (G)	6,806 (F)	2.4 (B) (D)
1993	48,000 (G)	53,472 (G)	7,483 (F)	2.3 (B) (D)
1994	50,000 (E)	53,472 (G)	7,683 (F)	1.7 (B) (D)
1995	55,000 (E)	59,083 (H)	8,210 (F)	1.6 (B) (D)
1996	56,000 (E)	59,083 (H)	8,665 (F)	1.3 (B) (D)

** Information not available

- (A) Federal census.
- (B) State Department of Industrial Relations.
- (C) Jefferson County unemployment rate.
- (D) City of Hoover unemployment rate.
- (E) Estimate by City.
- (F) City Board of Education.
- (G) House Consultants, Independent Consulting Firm.
- (H) Porter, White & Company, Inc.

THE CITY OF HOOVER, ALABAMA
Construction, Bank Deposits and Retail Sales
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Value of Commercial Construction (A)</u>	<u>Value of Residential Construction (A)</u>	<u>Bank Deposits (B)</u>	<u>Retail Sales (A) (C)</u>
1987	\$56,108,000	\$35,170,000	\$223,400,000	\$698,000,000
1988	38,061,643	37,592,249	272,976,000	729,000,000
1989	63,716,547	27,808,568	317,120,000	741,000,000
1990	25,467,426	48,871,241	548,029,000	750,000,000
1991	55,797,335	85,719,502	650,050,000	800,000,000
1992	18,105,842	104,642,785	730,154,000	850,000,000
1993	46,370,287	147,744,433	1,017,033,000	950,000,000
1994	80,704,946	147,316,465	776,560,000	1,050,000,000
1995	62,787,313	156,126,270	763,401,000	1,100,000,000
1996	47,620,964	135,031,130	872,901,000	1,130,000,000

(A) Source: City records.

(B) Source: Various City banks.

(C) Estimated

THE CITY OF HOOVER, ALABAMA

Miscellaneous Statistics

September 30, 1996

Date of Incorporation: May 18, 1967

Form of Government: Mayor-Council (5 members)

Area: 44 Square miles (A)

Miles of Street:

Paved	500 (A)
Unpaved	0 (A)

Miles of Sewers:

Sanitary	173 (A)
Storm	162 (A)

Number of City Employees:

Administration	35
Finance	11
Garage	4
Police	158
Fire	120
Inspection services	18
Municipal court	6
Street and sanitation	25
Sewer	1
Recreation	74
Library	83
Health	2
Total	<u>537</u> (B)

Public Schools:

Established - August 29, 1988

Enrollment - 8,665

Buildings - one high school; two middle schools;
and eight elementary schools.

Major employers:

The City's major employers are engaged
in service, utilities, retail sales, financial,
construction and insurance. (D)

Recreation:

Number of parks 18 (E)

Acres of developed parks
and lakes 247 (E)

Acres not developed 511 (E)

Public Safety:

Number of fire stations 7

Number of police stations 2

Population:

1968 410 (G)

1970 1,393 (G)

1973 3,594 (G)

1980 19,792 (G)

1987 31,319 (G)

1990 39,788 (G)

1992 45,000 (H)

1993 48,000 (H)

1994 50,000 (H)

1995 55,000 (H)

1996 56,000 (H)

Number of housing units:

Owner occupied 15,331

Renter occupied 9,598

Total 24,929 (F)

Value of housing units:

Median value \$152,600 (I)

Income:

Per capita \$24,017 (I)

Family \$59,083 (I)

Median age

35 (I)

- (A) Source: City Engineer (Amounts are approximate).
 (B) Source: City payroll records, September 30, 1996.
 (C) Source: City Board of Education.
 (D) Source: Birmingham Regional Planning Commission.
 (E) Source: Director of Parks and Recreation, City of Hoover.
 (F) Source: House Consultants, Independent Consulting Firm.
 (G) Source: Federal census.
 (H) Source: Estimate by City.
 (I) Source: Porter, White & Company, Inc.