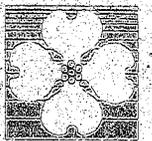


THE CITY OF HOOVER, ALABAMA

Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 1988



HOOVER

THE CITY OF HOOVER, ALABAMA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 1988

PREPARED BY:
OFFICE OF THE FINANCE DIRECTOR

RICHARD K. SMITH, C.P.A.
FINANCE DIRECTOR

THE CITY OF HOOVER, ALABAMA
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 1988

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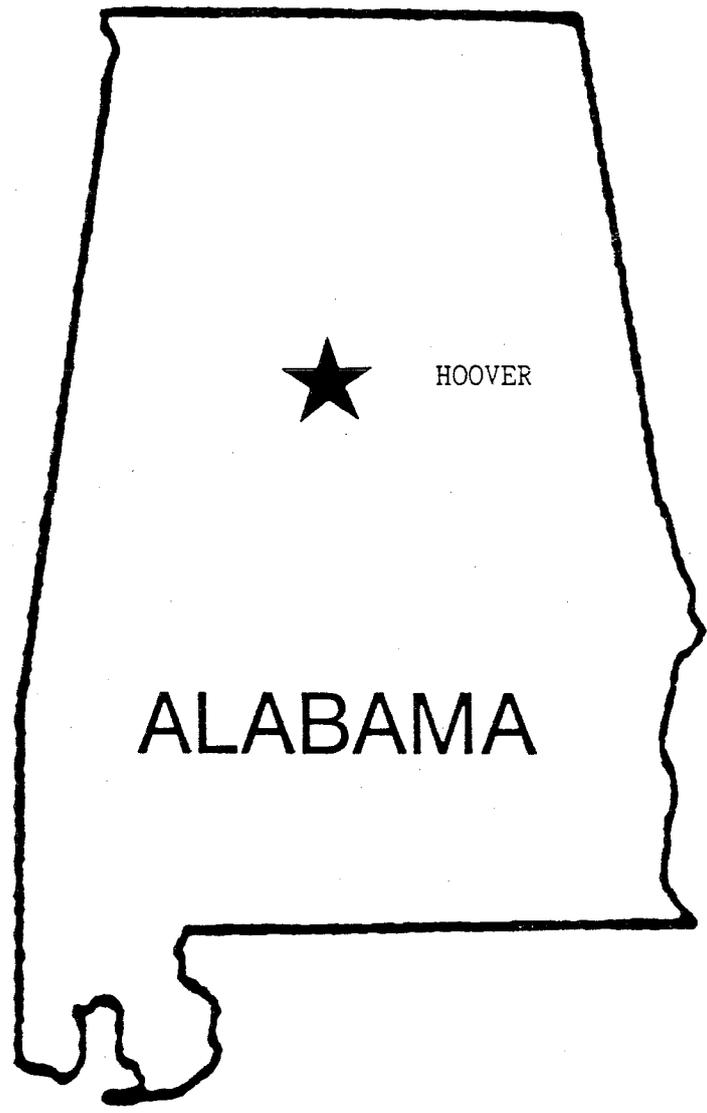
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INTRODUCTORY SECTION

THE CITY OF HOOVER, ALABAMA INTRODUCTION

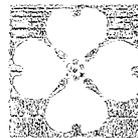


The City of Hoover, Alabama is located in Jefferson and Shelby Counties in north central Alabama and is included in the Birmingham Metropolitan area. The City occupies approximately 25 square miles and has a population of approximately 34,000.

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City of Hoover

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HOOVER

February 14, 1989

To the citizens of The City of Hoover, Alabama:

The comprehensive annual financial report of The City of Hoover, Alabama for the fiscal year ended September 30, 1988, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal 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 auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The City is not 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. No Federal assistance was received during the fiscal year ended September 30, 1988.

This report includes all funds and account groups of the City. The City provides a full range of services. These services include public safety (police, fire and inspection), infrastructure maintenance, sanitation, recreation, public library, public improvements, planning and zoning and general administration. In addition to general government activities, the governing body exercises, or has the ability to exercise, oversight of the Park and Recreation Board and the Library Board; therefore, these activities are included in the reporting entity. However, The City of Hoover Board of Education (established October 5, 1987), The City of Hoover Industrial Development Board and The City of Hoover Medical Clinic Board have not met the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

ECONOMIC CONDITION AND OUTLOOK

The City of Hoover is located in the metropolitan Birmingham area. The south Jefferson County, north Shelby County area, in which Hoover is located, is one of the fastest growing regions of the state. The economic condition of the City has improved substantially in recent years. Rapid growth in professional, service, and retail business has boosted local revenue. New light industrial ventures have expanded the geographic area of the City and set the stage for future tax base enhancement.

For the first time, in 1990, Hoover will be listed as a Census Designated Place. This will make available significant Hoover-specific data which will allow quantification and documentation of the City's growth. A study published in 1988 by the Auburn University Technical Assistance Center shows that Hoover per capita income is now higher than that of the four largest cities in the state; Huntsville, Montgomery, Mobile, and Birmingham. With a steadily growing land area and population, Hoover is poised to strengthen its state and metro area leadership role in the future.

The creation of the Hoover school system, and the dedication of 30% of current sales and use tax revenue to subsidize its operation, has presented a significant challenge for city officials. The challenge comes not in generating and allocating new revenues, but in reordering current priorities and capital planning. Conservative fiscal management, which has characterized the City since its creation, will continue to be the major tool in future economic development.

MAJOR INITIATIVES

For the Year - On October 5, 1987, the City Council established The City of Hoover Board of Education (Board). In prior years, the public schools serving the residents of the City were operated by the Jefferson County and Shelby County Boards of Education. The Board began operation of the City school system on August 29, 1988, with seven schools (one high school, one middle school and five elementary schools) located in the City and formerly operated by the Jefferson County Board of Education. In the fiscal year ended September 30, 1988, the City contributed \$3,100,000 to the Board for the school system, \$900,000 from current revenues and \$2,200,000 from borrowed funds. On July 5, 1988, the City Council adopted a resolution allocating thirty percent of the amount received from City sales and use tax or \$4,125,000 annually, whichever is greater, to the Board effective September 1, 1988. School officials have indicated that the system can be operated within currently anticipated revenues, including the aforesaid allocation from the City, on a basis which should provide enhanced educational opportunities for the students compared with those available in immediately prior years. However, they have indicated that additional revenues will be required from increased property taxes or other sources if physical facilities and instructional programs are enhanced to the status expected by some residents of the City at the time it was decided to establish a city school system.

The Hoover Metropolitan Stadium opened on April 16, 1988. It is located in the light industrial park area of the Trace Crossing Planned Unit Development (PUD) which consists of approximately 1,100 acres recently annexed into the City and to be developed as a mixed-use area. The Stadium has a seating capacity of 9,500 and is expandable by future construction (in phases) to 15,000 and 23,000. Current parking capacity of 4,000 is expandable with future construction to 10,000. The Stadium is owned by The Public Park and Recreation Board of the City of Hoover. The Stadium is leased to the Birmingham Baseball Club, Inc., more commonly known as the Birmingham Barons. The Barons are members of the Southern League and play minor league baseball at the Stadium as an affiliate of the Chicago White Sox. The Baseball Club manages the Stadium for the Park Board for other events, which since opening have included a performance by the Alabama Symphony Orchestra as well as automobile and recreational vehicle shows.

Revenue collection for the fiscal year ended September 30, 1988, was substantially enhanced. The City engaged a sales and use tax auditor. The auditor generated revenue of approximately \$600,000 primarily from delinquent use tax. Further, activities of the City Revenue Officer accounted for the collection of delinquent business licenses, sales and use taxes approximating \$250,000.

For the Future - There is currently under consideration by the City a merit system "Classification and Pay Plan" which will enhance the job security and sense of well-being among employees as well as provide some stability for future planning and growth in numbers of employees. This Plan should be implemented during fiscal year 1989.

Because of the substantial financial commitment made by the City Council to help fund the City school system and because of the apparent unpopularity of tax increases, the City must seek ways to enhance existing sources of revenue and must be innovative in reducing the cost of government. City management has under consideration several changes in revenue ordinances. The changes, if enacted, will generate additional revenue in a fair and equitable manner without increasing any existing taxes. Proposed efforts to cut costs will focus primarily on the hiring of an internal auditor to promote efficiency, economy and effectiveness. Other planned cost cutting activities include improved purchasing procedures and implementation of a self-insurance program.

During fiscal year 1988, the service area of the Riverchase Wastewater Treatment Plant was expanded to include the Southlake Development. It became necessary to plan to construct facilities to accommodate the anticipated additional flow from Southlake. Phase I of the plan called for construction of a series of lines and pumps to transfer raw sewage from Southlake, a mixed-use development in the southern part of the City, to the Riverchase Plant. Phase II would require construction of an influent-surge basin to hold flow during peak periods until the plant system could accommodate it in non-peak times.

The City of Hoover entered into an agreement with the Southlake Corporation under which the City would have proper engineering plans compiled and Southlake would construct the facilities contemplated in Phases I and II. The City's maximum financial commitment was limited to \$750,000. This expenditure will be recovered through the sale of sewer tap fees during the development of Southlake properties. Phase I was completed during fiscal year 1988 and the City transferred \$600,000 to the Southlake Corporation. Plans call for Phase II, the surge basin, to be constructed in fiscal year 1989. Following completion of Phase II, the City will transfer to the Southlake Corporation the remaining \$150,000, less an estimated \$42,000 in engineering fees.

The pre-expansion capacity of the Riverchase Plant was 1.5 million gallons per day. The anticipated maximum flow from the Southlake Development is 250,000 gallons per day. The capacity of the surge basin is planned to be 550,000 gallons. Pre-expansion average daily flow into the Riverchase Plant is approximately 800,000 gallons per day. The surge basin was determined by engineers and staff to be the most economical and practical approach to solving peak demand problems. Additional plant treatment capacity will not be needed until both the Riverchase PUD and the Southlake Development are completed, or when the plant service area is expanded in the future.

The city is currently making plans for joint funding with the State of Alabama Highway Department for the widening and improvement of State Highway 150 (SR 150). Work is planned to encompass an area from the intersection of SR 150 and Riverchase Drive to the intersection of SR 150 and Stadium Trace, a distance of approximately two miles. Work will include construction of a four-lane bridge and widening of SR 150 to four lanes.

The estimated cost of the SR 150 improvements is \$6 million. The City plans to cover half the cost of the project, including acquisition of needed additional rights-of-way. City officials feel that abutting property owners will be willing to donate needed right-of-way in order to accelerate the project and speed development of the area.

In the development of the Trace Crossings PUD, the City constructed sewer lines and pumping stations to serve the area. This sewer system is connected to the Jefferson County sewer system which treats the sewage.

In planning for the construction of the Trace Crossings sewer system, the City anticipated the need to provide service to areas outside the Trace Crossings PUD. This provides the City with the opportunity to generate additional revenue through the sale of tap fees for connection to the system.

The Trace Crossing sewer system is designed so that a relatively small investment in additional infrastructure will make it possible to serve more users. The estimated expenditure is \$200,000. This will make available an additional one million gallons per day in service capacity. The sale of tap fees, at \$3.50 per gallon, would yield \$3.5 million in revenue to the City over the next five to ten years.

DEPARTMENT FOCUS - LIBRARY

The City library opened in 1983 in a store-front location with 5,060 books and an energetic staff of two full-time employees and four part-time employees. The library was an immediate success. In five years, it has grown into a new and larger location with a staff of thirty employees, 39,085 books, and the fifth largest circulation in the state.

Professional, friendly and personalized service has been a high priority since the library's inception and has been a key factor in its success and in the tremendous community support it receives. The interior design, by use of comfortable seating, special lighting, and warm colors, creates an atmosphere which patrons find enjoyable for browsing, studying, and researching in their public library.

The library offers traditional services--circulating books, reference assistance, and children's activities. To augment these, many new and innovative services have been made available. The library has a large video collection, compact discs, music and book cassettes, and puppets which complement the book

collection. The outstanding programs offered by the library have created a statewide reputation for excellence. Yearly, well-known authors are brought into the library; Ferrol Sams, Clyde Edgerton, E. L. Knoisburg, and Ed Stivender are a few who have appeared to enthusiastic audiences. The Alabama Symphony Orchestra and other musical groups have also been guests at the library. Unique children's programs have included the Summer Reading Program and A.E.A. Camp (a series of programs during the state's Spring holidays). The response to these programs has been tremendous, with an attendance of 21,436 in the 1987-1988 fiscal year, and has created a demand for more services. The library has truly united all ages of the community and serves as an educational, cultural and recreational focal point of the City.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City 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. The internal control structure is subject to periodic tests and evaluation by independent auditors.

BUDGETING CONTROLS

The City 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. Project-length financial plans are 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. 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 and other financing sources for the fiscal year ended September 30, 1988 and the amount and percentages of increases and decreases in relation to prior year revenues.

Revenues and Other Financing <u>Sources</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1987</u>	<u>Percent of Increase (Decrease)</u>
Taxes	\$13,202,171	72.9%	\$1,430,993	12.2%
Licenses and permits	2,719,683	15.0	88,672	3.4
Intergovernmental	1,021,781	5.6	130,866	14.7
Fines and forfeitures	295,758	1.6	40,047	15.7
Interest on investments	358,741	2.0	200,348	126.5
Stadium lease	280,368	1.6	280,368	-
Other	<u>233,438</u>	<u>1.3</u>	<u>71,612</u>	44.3
Total revenues	\$18,111,940	<u>100.0%</u>	<u>\$2,242,906</u>	14.1%
General obligation warrant proceeds	<u>8,655,843</u>			
Total revenues and other financing sources	<u>\$26,767,783</u>			

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

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1987</u>	<u>Percent of Increase (Decrease)</u>
Sales and use taxes	\$11,607,404(A)	64.1%	\$1,191,899	11.4%
Business licenses	2,260,556(B)	12.5	249,082	12.4
Property taxes	1,518,902(A)	8.4	249,374	19.6
Intergovernmental	1,021,781	5.6	130,866	14.7
Building permits	458,318(B)	2.5	(160,730)	(26.0)
Interest on investments	358,741	2.0	200,348	126.5
Fines and forfeitures	295,758	1.6	40,047	15.7
Stadium lease	280,368	1.6	280,368	-
All other revenue	<u>310,112(C)</u>	<u>1.7</u>	<u>61,652</u>	24.8
	<u>\$18,111,940</u>	<u>100.0%</u>	<u>\$2,242,906</u>	14.1%

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

Taxes	\$ 75,865
Licenses and permits	809
Other	<u>233,438</u>
	<u>\$ 310,112</u>

Sales and use taxes, which comprise almost two-thirds of the City's revenue, increased by \$1,191,899 (11.4%). This was a result of continued commercial growth and more aggressive enforcement of the sales and use tax ordinances. The City engaged sales and use tax auditors during fiscal year 1988. As a result of their audits the City recovered delinquent revenue of approximately \$600,000.

Increases in business license and property tax revenue of \$249,082 and \$249,374 respectively reflect the continuing growth of the commercial base and the ongoing expansion and development of the City.

Building permit revenues decreased by \$160,730 in fiscal year 1988. This was anticipated because construction permitted in fiscal year 1987 was exceptionally high.

Interest on investments in fiscal year 1988 exceeded the previous year by \$200,348 because of higher interest rates in fiscal year 1988 and because larger amounts were available to invest, including, in part, loan proceeds being used for capital improvements.

Fiscal year 1988 was the first year in which the City received revenue from the Stadium lease. In addition to the \$280,368 shown above, the City also realized sales tax and other revenue totaling \$28,925.

The following schedule presents a summary of General Fund and Special Revenue Funds expenditures for the fiscal year ended September 30, 1988 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures and Other <u>Financing Uses</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1987</u>	<u>Percent of Increase (Decrease)</u>
Current				
General				
government	\$ 2,504,863	12.6%	\$ 435,623	21.1%
Public safety	6,889,103	34.6	953,723	16.1
Municipal court	110,415	.5	20,384	22.6
Streets and sanitation	2,288,101	11.5	15,237	.7
Recreation	630,564	3.2	139,195	28.3
Library	571,997	2.9	64,101	12.6
Health	105,317	.5	20,671	24.4
Capital outlays	1,153,293	5.8	(1,452,659)	(55.7)
Debt service				
Principal	1,401,550	7.0	876,550	167.0
Interest	1,126,380	5.6	217,757	24.0
Issuance cost	51,953	.3	51,953	-
City Board of Education	<u>3,100,000</u>	<u>15.5</u>	<u>3,100,000</u>	-
Total expenditures	19,933,536	<u>100.0%</u>	<u>\$4,442,535</u>	28.7%
Operating transfers to the Capital Projects Fund	<u>6,449,744</u>			
Total expendi- tures and other financing uses	<u>\$26,383,280</u>			

Expenditures for personal services including salaries, retirement contributions and other employee benefits totaled \$8,465,459 in fiscal 1988, compared to \$7,288,458 in fiscal 1987. This was an increase of \$1,177,001. The increase resulted from a 4% across the board pay increase, merit raises and the hiring of approximately 26 additional employees during the year.

Personal services expenditures comprised 64.6% of operating expenditures and 42.5% of total expenditures in fiscal 1988 as compared to 63.6% of operating expenditures and 47.0% of total expenditures in fiscal 1987.

General government expenditures increased by \$435,623 (21.1%). Increases in personnel cost (\$36,444), community activities (\$206,884), insurance cost (\$36,847), professional fees (\$36,149), and collection fees (\$71,641) account for most of this change.

Public safety expenditures in fiscal 1988 increased \$953,723 (16.1%) over fiscal 1987. As the City continues its rapid growth, newly annexed areas require the expansion of City service. Public safety is the function most affected by this growth. Twenty of the twenty-six employees hired during fiscal 1988 were for public safety positions.

Capital outlays from the General and Special Revenue funds totaled \$1,153,293 in fiscal 1988, a decrease of \$1,452,659 (55.7%) from fiscal 1987. Major outlays were as follows:

<u>Description</u>	<u>Amount</u>
Improvements - Georgetown Park	\$ 284,774
Improvements - Shades Mountain Park	262,900
Improvements - Bluff Park Community Center	94,542
Improvements - Star Lake	66,901
Improvements - Howard Lake	43,460
Pot hole patcher	44,800
IBM 5360 Computer	37,747
All others	<u>318,169</u>
Total	<u>\$1,153,293</u>

Fiscal 1988 debt service exceeded the previous year by a total of \$1,146,260. Principal payments were higher by \$876,550 primarily because of early retirement of general obligation warrants totaling \$750,000. The general obligation warrants were retired from proceeds of new general obligation warrants issued September 29, 1988. In addition, the principal payment on general obligation warrants issued in fiscal 1984 increased from \$375,000 in fiscal 1987 to \$425,000 in fiscal 1988, an increase of \$50,000. Further, the first annual payment on a Park and Recreation Board Bond issued in fiscal 1987 was paid in fiscal 1988. The amount of that principal payment was \$76,550 (based on a \$100,000 annual payment with interest imputed at 5.49%). Interest paid in fiscal 1988 totaled \$1,126,380, an increase of \$217,757 over the prior year. This increase reflects interest payments on substantial short-term borrowing for various capital improvements which was subsequently converted to long-term debt.

On October 5, 1987, the City established an independent school system. The new City Board of Education took over operation of schools within the city limits from the Jefferson County School Board effective with the 1988-1989 school year. In order to help fund start-up costs and operations of the new school system, the City contributed \$3,100,000 to the City Board of Education which is a separate reporting entity.

GENERAL AND SPECIAL REVENUE FUND BALANCES

The fund balances of the General and Special Revenue funds total \$2,035,755 at September 30, 1988. Based on the budget adopted for fiscal 1988-1989, the City anticipates average spending of about \$85,000 per working day. Therefore, the

CAPITAL PROJECTS FUND

A total of \$15,051,301 was expended from the Capital Projects Fund for general fixed assets, infrastructure and sewer expansion during fiscal 1988. A summary of these capital outlays is set forth below:

<u>Description</u>	<u>Amount</u>
Hoover Metropolitan Stadium	\$ 9,013,441
Industrial park infrastructure	2,718,373
Fire stations	1,553,736
Land acquisition	1,112,066
Sewer expansion	600,000
Other	<u>53,685</u>
Total	<u>\$15,051,301</u>

These capital outlays were funded by operating transfers from the General Fund and long-term borrowing. The above projects were completed or substantially completed by fiscal year end. Operating transfers from the General Fund recognized in fiscal 1988 totalled \$6,449,744 and consisted of the following:

Interfund payable at September 30, 1987 recorded as an operating transfer in fiscal 1988	\$ 2,963,024 (A)
Cash transfers during fiscal 1988	<u>3,486,720</u>
Total	<u>\$ 6,449,744</u>

(A) At September 30, 1987 it was anticipated that the interfund payable to the General Fund from the Capital Projects Fund would be repaid from the proceeds of general obligation warrants to be issued in fiscal 1988. City management subsequently decided against reimbursing the General Fund so that additional long-term borrowing for that purpose would not be required.

ENTERPRISE OPERATIONS

The City's only enterprise fund is a sewer enterprise fund which accounts for the operations of the Riverchase sewer treatment plant. The Sewer Enterprise Fund has shown a net loss each year since the plant was acquired on December 22, 1983. However, the Sewer Enterprise Fund has increased its working capital (the excess of current assets over current liabilities) each year and has consistently reflected favorable current ratios (the ratio of current assets to current liabilities) since its acquisition. The reasons for this favorable financial position (even though reflecting net losses) is (a) contributions for tap fees from customers and (b) substantial annual non-cash charges to expense for depreciation of the sewer treatment plant and equipment. A summary of the Sewer Enterprise Fund operations and other financial information are set forth below:

	Fiscal Year				
	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Revenues	\$ 100,577	\$117,516	\$162,900	\$177,079	\$224,028
Expenses	<u>342,536</u>	<u>471,303</u>	<u>483,702</u>	<u>489,444</u>	<u>545,191</u>
Net income (loss)	(241,959)	(353,787)	(320,802)	(312,365)	(321,163)
Add: Depreciation(A)	148,000	197,333	197,333	197,328	198,168
Contributed capital					
Customer tap fees	167,857	239,315	130,440	297,852	236,687
Capital Projects					
Fund	3,500,000				600,000
Deduct: Acquisition of plant and equipment	<u>(3,496,000)</u>			<u>(9,046)</u>	<u>(622,375)</u>
Net increase in working capital	<u>\$ 77,898</u>	<u>\$ 82,861</u>	<u>\$ 6,971</u>	<u>\$173,769</u>	<u>\$ 91,317</u>

	September 30				
	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Current assets	\$ 96,110	\$197,672	\$195,530	\$356,634	\$484,606
Current liabilities	<u>18,212</u>	<u>36,913</u>	<u>27,800</u>	<u>15,135</u>	<u>51,790</u>
Working capital	<u>\$ 77,898</u>	<u>\$160,759</u>	<u>\$167,730</u>	<u>\$341,499</u>	<u>\$432,816</u>
Current ratio	5.3 to 1	5.4 to 1	7.0 to 1	24.0 to 1	9.4 to 1

(A) Depreciation does not currently affect working capital

Contributed capital from tap fees paid by customers will continue to subsidize sewer plant operations for several years into the future. Remaining plant capacity should generate at least another \$2,300,000 in tap fees.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in a bank public funds investment account and in bank certificates of deposit. The average yields on investments was 6.68%.

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. All of the funds invested by the City are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

RISK MANAGEMENT

During fiscal 1988, the City maintained insurance coverage for property damage, comprehensive general liability, police professional liability, public officials liability, employee dishonesty, workers compensation and business interruption at the Riverchase Galleria (The Riverchase Galleria accounted for approximately 20% of the City's taxes and licenses revenue in fiscal 1988). City management believes that insurance coverage is adequate. Effective in fiscal 1989 the City increased deductibles in some areas of coverage in an effort to reduce insurance cost and began to review options available to further reduce the cost of risk management.

DEBT ADMINISTRATION

At September 30, 1988, the City had general long-term debt outstanding as follows:

(A) \$9,575,000 general obligation warrants, series 1983; dated October 1, 1983; due \$350,000 to \$1,150,000 annually beginning October 1, 1985; interest at 8.20% to 9.00% due semi-annually commencing April 1, 1984	\$ 8,425,000
(B) \$17,500,000 general obligation warrants, dated September 1, 1988; issued September 29, 1988; due \$480,000 to \$1,705,000 annually beginning September 1, 1991; interest at 5.90% to 7.375% due semi-annually commencing March 1, 1989	17,500,000
(C) \$7,550,000 general obligation warrants, dated May 1, 1987; issued September 29, 1988; due \$190,000 to \$845,000 annually beginning May 1, 1991; interest at 8.90% to 9.50% due semi-annually commencing November 1, 1988	7,550,000
(D) \$500,000 non-interest bearing Park and Recreation Board bond; dated April 7, 1987; due \$100,000 annually including interest (discount is based on imputed interest rate of 5.49%)	<u>350,596</u>
Total general long-term debt	<u>\$33,825,596</u>

During fiscal 1988, the City issued tax exempt general obligation warrants totaling \$17,500,000 to retire an old outstanding general obligation warrant, to retire short-term borrowing related to various capital improvements, and to finance other anticipated capital improvements. The City also issued taxable general obligation warrants totaling \$7,550,000 to partially finance the construction of Hoover Metropolitan Stadium. These tax exempt and taxable general obligation warrants' average annual net interest cost rates are 7.248 and 9.645 percent respectively.

The City was rated by Moody's Investors Service and Standard Poor's Corporation in 1983 and in 1988. The City maintained its 1983 ratings in 1988 which are as follows:

Moody's Investors Service	A
Standard and Poor's Corporation	A+

Under current state statutes, the City's debt is subject to a legal limitation based on 20 percent of total assessed value of real and personal property. As of September 30, 1988, the City's debt applicable to the debt limit was \$25,996,259. This amount was well below the legal limit of \$68,343,228. Debt per capita at September 30, 1988 equaled \$1,080.

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Livings, Hill & Moody, C.P.A.'s performed the audit. As mentioned earlier, no federal assistance was received during fiscal 1988; therefore, the City is not 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. 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.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 1987. This was the sixth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government 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 and the assistance of our accountants, Livings, Hill & Moody, C.P.A.'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.

Sincerely,



Frank Skinner, Jr.
Mayor



Richard K. Smith
Finance Director

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hoover,
Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 1987

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.



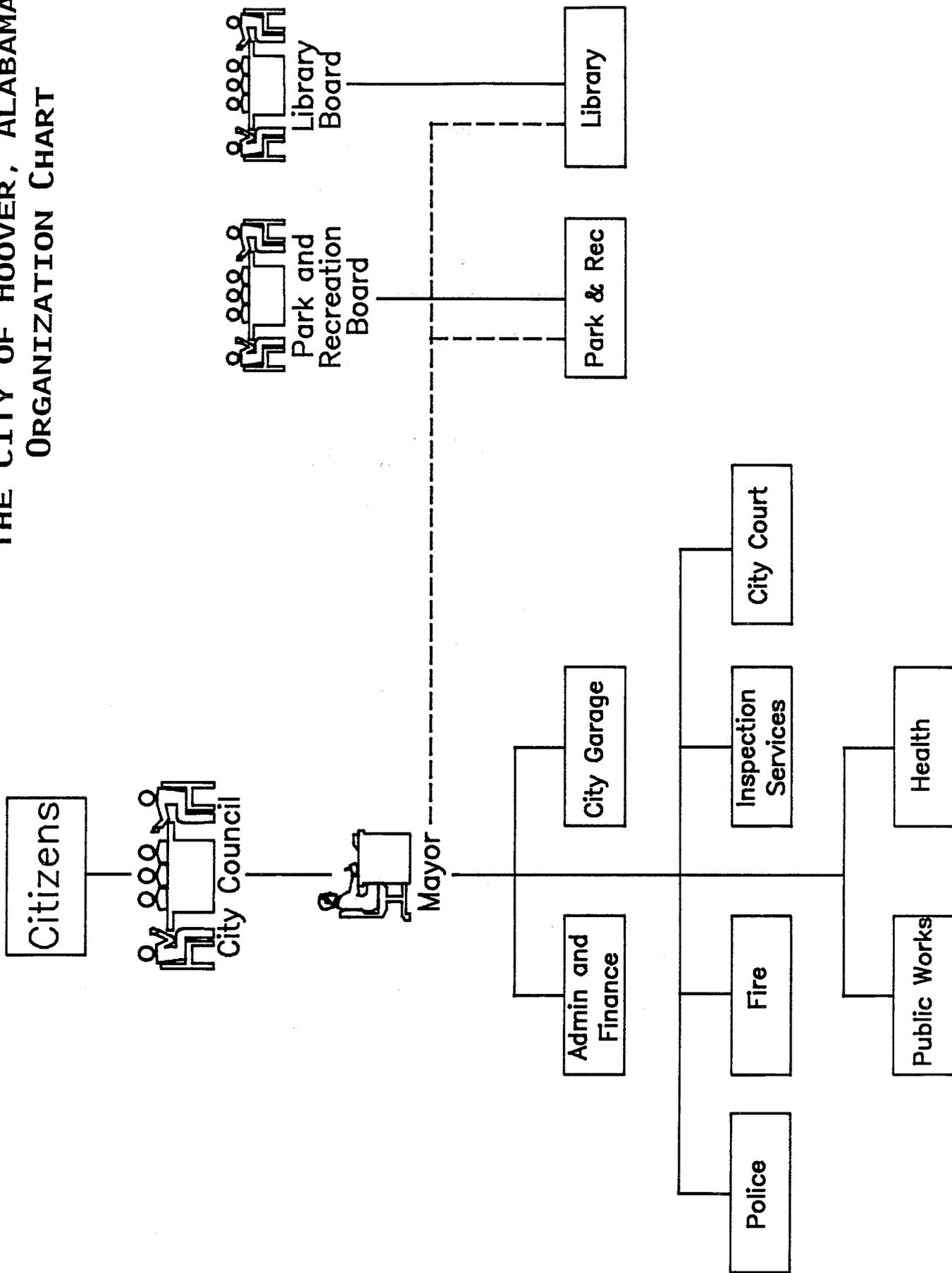
A handwritten signature in black ink, appearing to read "Paul C. Ellison".

President

A handwritten signature in black ink, appearing to read "Jeffrey L. Esler".

Executive Director

THE CITY OF HOOVER, ALABAMA ORGANIZATION CHART



Officials of the City of Hoover, Alabama

September 30, 1988

Mayor

Frank S. Skinner, Jr.

City Council

William J. Billingsley, President

Term of Office
Expiring September 30, 1988

Faye B. Anderson
T. H. Blackmon
David L. Bradley
Geoffrey E. Huddleston

Term of Office
Commencing October 1, 1988

David L. Bradley
Richard D. Linn
Barbara McCollum
Sheila Trimm

Assistant to the Mayor

John W. Campbell

Heads of Departments

Finance.....Richard K. Smith, Director
City Clerk.....Linda H. Crump, City Clerk
Police.....David A. Cummings, Chief
Fire.....Thomas E. Bradley, Chief
Inspection Services.....Gerald R. Smith, Building Official
Public Works.....Steven W. Brown, Director
Park and Recreation.....James E. Fisher, Director
Library.....Linda R. Andrews, Director

Allen Pate
Projects Manager

Jack H. Anderson
City Attorney

Joel C. Watson
Municipal Judge

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FINANCIAL SECTION



Livings, Hill & Moody

Certified Public Accountants

Post Office Box 157
The Wheelock Building • 2201 2nd Avenue North
Birmingham, Alabama 35201-0157
(205) 252-7900

James H. Livings, CPA
B. Douglas Hill, CPA
James R. Moody, CPA
Jack F. Truitt, Jr., CPA
Donald G. Vise, CPA
Marion E. Higgins, Jr., CPA
Robert E. Tingle, Jr., CPA
Jeffrey B. Suggs, CPA

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

INDEPENDENT AUDITOR'S REPORT

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, 1988 and 1987, 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 audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Hoover, Alabama, at September 30, 1988 and 1987, and the results of its operations and the changes in financial position 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, 1988 and 1987, and the results of operations of such funds and the changes in financial position of the proprietary fund for the years then ended, in conformity with generally accepted accounting principles.

Continued on page 19

Continued from page 18

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

Livinge, Will & Moody

December 19, 1988

GENERAL PURPOSE FINANCIAL STATEMENTS

THE CITY OF HOOVER, ALABAMA
 Combined Balance Sheet
 All Fund Types and Account Groups
 September 30, 1988
 (with comparative totals for September 30, 1987)

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and other debits			
Assets			
Pooled cash and investments	\$2,586,945	\$312,006	\$1,251,382
Receivables			
Taxes	60,891	-	-
Accounts	110,354	-	-
Due from other governments			
County	-	188,789	-
State	-	26,758	-
Due from other funds	27,747	-	6,889
Inventory	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-
Other debits			
Amount to be provided for retire- ment of general long-term debt	-	-	-
Total assets	2,785,937	527,553	1,258,271
Liabilities, equity and other credits			
Liabilities			
Bank overdraft	-	24,131	-
Accounts payable	392,739	23,601	115,244
Payroll taxes payable	-	-	-
Due to other funds	6,889	27,747	-
General long-term debt	-	-	-
Accrued compensated leave	802,628	-	-
Accrued interest payable	-	-	-
Note payable	-	-	-
Total liabilities	1,202,256	75,479	115,244
Equity and other credits			
Investment in general fixed assets	-	-	-
Contributed capital	-	-	-
Retained earnings(deficit)-unreserved	-	-	-
Fund balances(deficit)-unreserved	1,583,681	452,074	1,143,027
Total equity and other credits	1,583,681	452,074	1,143,027
Total liabilities, equity and other credits	\$2,785,937	\$527,553	\$1,258,271

The accompanying notes are an integral part of this statement.

<u>Proprietary Fund Type</u>	<u>Account Groups</u>		<u>Totals</u> (Memorandum Only)	
	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>1988</u>	<u>1987 (Restated)</u>
<u>Sewer Enterprise</u>				
\$ 465,104	\$ -	\$ -	\$ 4,615,437	\$ 8,468,629
-	-	-	60,891	88,787
16,402	-	-	126,756	19,267
-	-	-	188,789	159,393
-	-	-	26,758	27,658
-	-	-	34,636	3,120,168
3,100	-	-	3,100	4,143
3,189,259	36,141,001	-	39,330,260	26,196,025
-	-	33,825,596	33,825,596	10,177,146
<u>3,673,865</u>	<u>36,141,001</u>	<u>33,825,596</u>	<u>78,212,223</u>	<u>48,261,216</u>
-	-	-	24,131	353,970
51,790	-	-	583,374	1,595,260
-	-	-	-	17,419
-	-	-	34,636	3,120,168
-	-	33,825,596	33,825,596	10,177,146
-	-	-	802,628	657,868
-	-	-	-	61,808
-	-	-	-	9,650,000
<u>51,790</u>	<u>-</u>	<u>33,825,596</u>	<u>35,270,365</u>	<u>25,633,639</u>
-	36,141,001	-	36,141,001	23,430,973
5,172,151	-	-	5,172,151	4,335,464
(1,550,076)	-	-	(1,550,076)	(1,228,913)
-	-	-	3,178,782	(3,909,947)
<u>3,622,075</u>	<u>36,141,001</u>	<u>-</u>	<u>42,941,858</u>	<u>22,627,577</u>
<u>\$3,673,865</u>	<u>\$36,141,001</u>	<u>\$33,825,596</u>	<u>\$78,212,223</u>	<u>\$48,261,216</u>

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THE CITY OF HOOVER, ALABAMA
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Fund Types
 For the fiscal year ended September 30, 1988
 (with comparative totals for the fiscal year ended September 30, 1987)

	<u>Governmental Fund Types</u>			<u>Totals</u> (Memorandum Only)	
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>1988</u>	<u>1987 (Restated)</u>
Revenues					
Taxes	\$13,202,171	\$ -	\$ -	\$13,202,171	\$11,771,178
Licenses and permits	2,719,683	-	-	2,719,683	2,631,011
Intergovernmental	541,086	480,695	-	1,021,781	890,915
Fines and forfeitures	295,758	-	-	295,758	255,711
Interest on investments	332,276	26,465	121,321	480,062	207,925
Stadium lease	280,368	-	-	280,368	-
Other	233,438	-	-	233,438	161,826
Total revenues	<u>17,604,780</u>	<u>507,160</u>	<u>121,321</u>	<u>18,233,261</u>	<u>15,918,566</u>
Expenditures					
Current operations					
General government	2,504,863	-	-	2,504,863	2,069,240
Public safety	6,889,103	-	-	6,889,103	5,935,380
Municipal court	110,415	-	-	110,415	90,031
Streets and sanitation	1,877,805	410,296	-	2,288,101	2,272,864
Recreation	630,564	-	-	630,564	491,369
Library	571,997	-	-	571,997	507,896
Health	105,317	-	-	105,317	84,646
Total	<u>12,690,064</u>	<u>410,296</u>	<u>-</u>	<u>13,100,360</u>	<u>11,451,426</u>
Capital outlays	985,673	167,620	15,051,301	16,204,594	8,650,166
Debt service					
Principal	1,401,550	-	500,000	1,901,550	525,000
Interest	1,126,380	-	627,642	1,754,022	947,053
Issuance cost	51,953	-	174,119	226,072	-
City Board of Education	<u>3,100,000</u>	<u>-</u>	<u>-</u>	<u>3,100,000</u>	<u>-</u>
Total expenditures	<u>19,355,620</u>	<u>577,916</u>	<u>16,353,062</u>	<u>36,286,598</u>	<u>21,573,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,750,840)</u>	<u>(70,756)</u>	<u>(16,231,741)</u>	<u>(18,053,337)</u>	<u>(5,655,079)</u>
Other financing sources (uses)					
Operating transfers in	-	-	6,449,744	6,449,744	-
Operating transfers out	(6,449,744)	-	-	(6,449,744)	-
General obligation warrant and bond proceeds	8,655,843	-	15,986,223	24,642,066	427,146
Proceeds of long-term notes	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total other financing sources	<u>2,206,099</u>	<u>-</u>	<u>22,935,967</u>	<u>25,142,066</u>	<u>427,146</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	455,259	(70,756)	6,704,226	7,088,729	(5,227,933)
Fund balances (deficit) at beginning of year	<u>1,128,422</u>	<u>522,830</u>	<u>(5,561,199)</u>	<u>(3,909,947)</u>	<u>1,317,986</u>
Fund balances (deficit) at end of year	<u>\$ 1,583,681</u>	<u>\$452,074</u>	<u>\$ 1,143,027</u>	<u>\$ 3,178,782</u>	<u>\$(3,909,947)</u>

The accompanying notes 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, 1988

	<u>General Fund</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Revenues			
Taxes	\$12,870,000	\$13,202,171	\$ 332,171
Licenses and permits	3,221,000	2,719,683	(501,317)
Intergovernmental	415,000	541,086	126,086
Fines and forfeitures	230,000	295,758	65,758
Interest on investments	100,000	332,276	232,276
Stadium lease	-	280,368	280,368
Other	<u>164,000</u>	<u>233,438</u>	<u>69,438</u>
Total Revenues	<u>17,000,000</u>	<u>17,604,780</u>	<u>604,780</u>
Expenditures			
Current operations			
General government	2,461,952	2,504,863	(42,911)
Public safety	6,871,700	6,889,103	(17,403)
Municipal court	112,900	110,415	2,485
Streets and sanitation	1,872,400	1,877,805	(5,405)
Recreation	688,500	630,564	57,936
Library	604,200	571,997	32,203
Health	<u>107,100</u>	<u>105,317</u>	<u>1,783</u>
Total	12,718,752	12,690,064	28,688
Capital outlays	892,470	985,673	(93,203)
Debt service			
Principal	915,550	1,401,550	(486,000)
Interest	1,768,450	1,126,380	642,070
Issuance cost	-	51,953	(51,953)
City Board of Education	<u>2,800,000</u>	<u>3,100,000</u>	<u>(300,000)</u>
Total Expenditures	<u>19,095,222</u>	<u>19,355,620</u>	<u>(260,398)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,095,222)</u>	<u>(1,750,840)</u>	<u>344,382</u>
Other financing sources (uses)			
Operating transfers out	-	(6,449,744)	(6,449,744)
General obligation warrant proceeds	<u>-</u>	<u>8,655,843</u>	<u>8,655,843</u>
Total other financing sources	<u>-</u>	<u>2,206,099</u>	<u>2,206,099</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$(2,095,222)</u>	455,259	<u>\$2,550,481</u>
Fund balances at beginning of year		<u>1,128,422</u>	
Fund balances at end of year		<u>\$ 1,583,681</u>	

The accompanying notes are an integral part of this statement.

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
437,000	480,695	43,695
-	-	-
16,000	26,465	10,465
-	-	-
<u>453,000</u>	<u>507,160</u>	<u>54,160</u>
-	-	-
-	-	-
389,700	410,296	(20,596)
-	-	-
-	-	-
<u>389,700</u>	<u>410,296</u>	<u>(20,596)</u>
170,000	167,620	2,380
-	-	-
-	-	-
<u>559,700</u>	<u>577,916</u>	<u>(18,216)</u>
<u>(106,700)</u>	<u>(70,756)</u>	<u>35,944</u>
-	-	-
-	-	-
-	-	-
<u><u>\$(106,700)</u></u>	<u>(70,756)</u>	<u>\$ 35,944</u>
	<u>522,830</u>	
	<u>\$452,074</u>	

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenses and Changes
in Retained Earnings (Deficit) - Proprietary Fund Type
Sewer Enterprise Fund
For the fiscal years ended September 30, 1988 and 1987

	<u>1988</u>	1987 <u>(Restated)</u>
Operating revenues		
Charges for services	\$ <u>199,440</u>	\$ <u>167,265</u>
Operating expenses		
Depreciation	198,168	197,328
Management fees	170,837	173,397
Utilities	68,884	71,745
Supplies	5,208	3,086
Repairs and maintenance	88,368	34,317
Professional fees	6,063	6,714
Telephone	969	907
Engineering fees	6,630	1,861
Bank charges	<u>64</u>	<u>89</u>
Total operating expenses	<u>545,191</u>	<u>489,444</u>
Operating income (loss)	(345,751)	(322,179)
Non-operating revenue - interest	<u>24,588</u>	<u>9,814</u>
Net income (loss)	(321,163)	(312,365)
Retained earnings (deficit) at beginning of year, as restated	<u>(1,228,913)</u>	<u>(916,548)</u>
Retained earnings (deficit) at end of year, as restated	<u>\$(1,550,076)</u>	<u>\$(1,228,913)</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
Statement of Changes in Financial Position
Proprietary Fund Type - Sewer Enterprise Fund
For the fiscal years ended September 30, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Cash flows from operating activities		
Cash received from customers	\$ 202,305	\$ 164,883
Interest received	24,588	9,814
Cash paid to suppliers	(138,488)	(131,527)
Cash paid to management company	<u>(170,837)</u>	<u>(173,397)</u>
Net cash used by operating activities	(82,432)	(130,227)
Cash flows from investing activities		
Purchase of property, plant and equipment	(22,375)	(9,046)
Construction	<u>(600,000)</u>	<u>-</u>
Net cash used by investing activities	(622,375)	(9,046)
Cash flows from financing activities		
Capital contributions	836,687	297,852
Repayment of advances to other funds	<u>-</u>	<u>133,791</u>
Net cash provided by financing activities	<u>836,687</u>	<u>431,643</u>
Net increase (decrease) in pooled cash and investments	131,880	292,370
Pooled cash and investments, beginning of year	<u>333,224</u>	<u>40,854</u>
Pooled cash and investments, end of year	<u>\$ 465,104</u>	<u>\$ 333,224</u>

Reconciliation of Net Income (Loss) to
Net Cash Provided (Used) by Operating Activities

Net income (loss)	\$(321,163)	\$(312,365)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation	198,168	197,328
(Increase) decrease in accounts receivable	2,865	(2,382)
(Increase) decrease in inventory	1,043	(143)
Increase (decrease) in accounts payable	<u>36,655</u>	<u>(12,665)</u>
Net cash used by operating activities	<u>\$ (82,432)</u>	<u>\$ (130,227)</u>

The accompanying notes are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

THE CITY OF HOOVER, ALABAMA
Notes to the Financial Statements
September 30, 1988

NOTE 1 Summary of Significant Accounting Policies

The City of Hoover, Alabama was incorporated as a municipality on May 18, 1967. The City operates under the Mayor-Council form of government and provides the following services: public safety (police, fire and inspections), street maintenance, sanitation, recreation, public library, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Hoover, Alabama (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes and in accordance with GAAP, the City includes those potential component units (funds, account groups, agencies, boards, commissions and authorities), for which the City has the ability to exercise its oversight responsibility. The ability to exercise oversight responsibility is the basic but not the only criterion for including a potential component unit within a reporting entity. The most significant manifestation of oversight responsibility is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, responsibility for the funding of any operating deficits that may occur and the scope of services provided to the City.

Based on these criteria, this report includes financial statements of the funds and account groups required to account for those financial activities for which the City has the ability to influence and control through its legislative processes.

Included within the reporting entity are the Hoover Library Board and the Hoover Park and Recreation Board. Excluded from the financial reporting entity are the Medical Clinic Board of the City of Hoover, the Industrial Development Board of the City of Hoover and the Hoover City Board of Education. The City does not significantly influence their operations. These organizations have substantial autonomy and separate governmental entity characteristics. They are governed by separate boards (appointed by the City Council). The City is not obligated to finance any deficits they may incur and the City does not guarantee their indebtedness. They are not required to be funded by the City. However, the City has committed to make annual voluntary contributions to the City Board of Education to supplement its revenue from federal, state and county sources.

B. Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental Funds:

General Fund - The General Fund is used to account for all revenues and expenditures applicable to the general operations of city government which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

Special Revenue Funds - Special Revenue Funds are operating funds for which the use of revenues is restricted or designated by outside sources.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources designated to construct or acquire general fixed assets and major improvements.

Proprietary Fund:

Enterprise Fund - The City's only enterprise fund is a sewer enterprise fund. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determinations of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Account Groups:

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for fixed assets of the City, which are 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.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The Proprietary Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The Proprietary Fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are interest revenues, court fines and forfeits and shared taxes collected and remitted by the counties and the state. Taxes collected and held by an intermediary at year end on behalf of the City are recognized as revenue. Sales and use taxes, business licenses, permits and stadium lease revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by the Proprietary Fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Budgets

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the General and Special Revenue funds. Project-length financial plans are adopted for the Capital Projects Fund.

E. Encumbrances

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. Appropriations automatically lapse at year end.

F. Pooled Cash and Investments

Pooled cash includes amounts in demand deposits. State statutes authorize the City to invest in U.S. Government obligations, 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. Investments are stated at cost.

G. Property Tax

Property is assessed and property taxes are collected by Jefferson and Shelby Counties. Property is assessed and property taxes attach as an enforceable lien on property as of October 1 of each fiscal year. The taxes are due and payable October 1 of the subsequent fiscal year and delinquent after January 1. Total assessed value of the property within the City, including motor vehicles, approximated \$342 million at October 1, 1987. The City's legal property tax rate is \$.65 per \$100 of assessed value.

Property tax revenues are accounted for using the modified accrual basis of accounting. Tax collections received by the County Tax Collectors are remitted to the City on a monthly basis. All amounts remitted to the City within the bill paying period are included in revenue. Taxes collected by the County Tax Collectors within the fiscal year but remitted to the City after the fiscal year-end are accrued.

H. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. There are no long-term interfund loans.

I. Inventory

Inventory in the Proprietary Fund is valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

J. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of sewer treatment plant and equipment in the Proprietary Fund is computed using the straight-line method over their estimated useful lives (15 years and 7 years, respectively). Cost of constructed fixed assets includes interest during the construction period.

K. Compensated Absences

An accrual is recorded for vested or accumulated absences (leave) in accordance with GAAP. Overtime pay and vacation pay are fully vested rights which are an obligation of the City. Additionally, one half of each current employee's accumulated sick leave is a vested benefit when he or she discontinues employment with the City.

City employees had unused overtime pay, vacation pay and vested sick leave benefits totalling \$802,628 and \$657,868 at September 30, 1988 and 1987, respectively. Accrued compensated leave, which does not exceed a normal year's accumulation, is recorded as a liability of the General Fund.

L. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in that fund.

M. Fund Equity

Contributed capital is recorded in the Proprietary Fund for the receipt of capital contributions from customers and other funds.

Fund balance designations may be established to indicate tentative plans for financial resource utilization in a future period. Such designations reflect managerial plans or intent as distinguished from reserves.

N. General Obligation Warrant Discounts and Issuance Costs

In governmental fund types, general obligation warrants (GOW) discounts and issuance costs are recognized in the current period. GOWs issued are generally reported at their face value in the General Long-Term Debt Account Group, and the proceeds of the GOWs (net of discounts) are reported as other financing sources. GOW issuance costs are reported as expenditures.

O. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with GAAP. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

P. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

NOTE 2 - Annual Budget

The City is not required under state or local law to adopt an annual budget for the General Fund and Special Revenue Funds. The City legally adopts a combined budget for these funds. A budget is not legally adopted for the Capital Projects Fund.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, the Mayor submits to the City Council a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the City Hall to obtain taxpayer comments.
3. On or about October 1, the budget is adopted by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
5. Department heads are responsible for adhering to their departmental budgets.
6. The General Fund and Special Revenue Funds budget is adopted on a basis consistent with GAAP.
7. At the end of the fiscal year, appropriations of the General Fund and Special Revenue Funds automatically lapse.
8. The City Council may authorize expenditures from time to time during the year without legally amending the previously adopted budget. The Council may legally amend the budget at any time during the fiscal year.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year ended September 30, 1988, the City council amended the budget several times. The most significant amended appropriations were: (1) additional contributions to the City Board of Education (\$2,200,000); and (2) additional capital improvements for the Park and Recreation Board (\$273,000).

The budget for fiscal 1988 reflects excess expenditures over revenues in the General Fund and the Federal Revenue Sharing Fund. The excess expenditures over revenues in the General Fund is due to additional contributions appropriated to the City Board of Education which were funded from the proceeds of a new GOW issue. The excess expenditures over revenues in the Federal Revenue Sharing Fund was budgeted to expend cumulative excess revenue from the prior fiscal year since federal revenue sharing has been discontinued.

General Fund expenditures of \$19,355,620 exceed appropriations of \$19,095,222. This excess of actual expenditures over budget was primarily the result of additional contributions to the City Board of Education being authorized by the City Council and made without amending the budget. Federal Revenue Sharing Special Revenue Fund and State Four Cent Gasoline Tax Special Revenue Fund expenditures exceed appropriations by \$2,810 and \$15,420, respectively. These excesses of

actual expenditures over budget were the result of expenditures, being authorized by the City Council and made without amending the budget.

NOTE 3 Pooled Cash 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. Interest earned is allocated to each fund based upon the approximate proportionate balances of each fund's pooled cash.

Deposits

At September 30, 1988, cash in checking accounts totalled \$930,102. The bank balances are fully covered by federal depository insurance or by collateral held by the City's agent in the City's name.

Investments

The City generally invests in bank certificates of deposit and a bank public funds investment account. Investments in bank certificates of deposit and the bank public funds investment account are insured or collateralized with negotiable securities held by the Federal Reserve Bank of Atlanta in the name of the City. The carrying value (which approximates market value) of investments held at September 30, 1988 consists of:

Bank certificates of deposit	\$ 50,000
Bank public funds investment account	<u>3,635,335</u>
Total	<u>\$3,685,335</u>

NOTE 4 Receivables

Taxes receivable

A summary of the items included in taxes receivable at September 30, 1988 and 1987 is set forth below:

	<u>1988</u>	<u>1987</u>
Sales tax	\$ -	\$ 366
Beer tax	21,016	33,805
Other	<u>39,875</u>	<u>54,616</u>
Total	<u>\$60,891</u>	<u>\$88,787</u>

Sales and use taxes are collected by the City and are recognized as revenue when cash is received by the City.

Accounts receivable

A summary of the items included in accounts receivable at September 30, 1988 and 1987 is set forth below:

	<u>1988</u>	<u>1987</u>
General Fund		
Due from annexed residents for fire dues paid to fire district by the City on residents' behalf	\$ 43,984	\$ -
Due from annexed residents for water system changeover paid to water board by the City on residents' behalf	23,366	-
Fines and forfeitures	29,811	-
Due from City Board of Education	<u>13,193</u>	<u>-</u>
Total General Fund accounts receivables	\$110,354	-
Sewer Enterprise Fund		
Sewer service charges	<u>16,402</u>	<u>19,267</u>
Total	<u>\$126,756</u>	<u>\$19,267</u>

No significant uncollectible accounts are anticipated on these receivables.

NOTE 5 Changes in General Fixed Assets

A summary of changes in general fixed assets is set forth below:

	Balance September 30, <u>1987</u>	<u>Additions</u>	<u>Deductions(1)</u>	Balance September 30, <u>1988</u>
Land	\$ 6,283,135	\$ 1,112,066	\$ 41,802	\$ 7,353,399
Buildings	5,653,187	1,641,551	-	7,294,738
Improvements other than buildings	4,129,810	12,765,530	-	16,895,340
Equipment and vehicles	3,973,652	424,666	102,430	4,295,888
Construction in progress	<u>3,391,189</u>	<u>10,548,192</u>	<u>13,637,745</u>	<u>301,636</u>
Total	<u>\$23,430,973</u>	<u>\$26,492,005</u>	<u>\$13,781,977</u>	<u>\$36,141,001</u>

Construction in progress at September 30, 1988 consisted of expenditures for architectural and design fees for a new library (\$297,951) and consultant fees for a new civic center (\$3,685).

(1) Deductions include transfers from construction in progress to buildings for new fire stations (\$1,631,277) and to improvements for the Hoover Metropolitan Stadium (\$12,006,468).

Proprietary Fund property, plant and equipment at September 30, 1988 and 1987 consisted of:

	Sewer Enterprise Fund	
	<u>1988</u>	<u>1987</u>
Equipment	\$ 19,033	\$ -
Land	536,000	536,000
Sewer treatment plant	<u>3,572,389</u>	<u>2,969,047</u>
Total	4,127,422	3,505,047
Less - Accumulated depreciation	<u>(938,163)</u>	<u>(739,995)</u>
Net	<u>\$3,189,259</u>	<u>\$2,765,052</u>

NOTE 6 General Long-Term Debt

General long-term debt of the City consists of general obligation warrants and bond payable reported in the General Long-Term Debt Account Group. A summary of general long-term debt transactions for the year ended September 30, 1988 is as follows:

Warrants and bond payable at October 1, 1987	\$10,177,146
Warrants issued	25,050,000
Warrants and bond retired	<u>(1,401,550)</u>
Warrants and bond payable at September 30, 1988	<u>\$33,825,596</u>

General long-term debt at September 30, 1988 is comprised of the following:

(A) \$9,575,000 general obligation warrants, Series 1983; dated October 1, 1983; due \$350,000 to \$1,150,000 annually beginning October 1, 1985; interest at 8.20% to 9.00% due semi-annually commencing April 1, 1984	\$ 8,425,000
(B) \$17,500,000 general obligation warrants; dated September 1, 1988; issued September 29, 1988; due \$480,000 to \$1,705,000 annually beginning September 1, 1991; interest at 5.90% to 7.375% due semi-annually commencing March 1, 1989.	17,500,000

Balance of MET

7,000,000 MET of other Park Proj, etc.

(C) \$7,550,000 general obligation warrants, dated May 1, 1987; issued September 29, 1988; due \$190,000 to \$845,000 annually beginning May 1, 1991; interest at 8.90% to 9.50% due semi-annually commencing November 1, 1988	<u>7,550,000</u>
Total general obligation warrants	33,475,000
(D) \$500,000 non-interest bearing Park and Recreation Board bond; dated April 7, 1987; due \$100,000 annually including interest (discount is based on imputed interest rate of 5.49%)	<u>350,596</u>
Total general long-term debt	<u>\$33,825,596</u>

General obligation warrants (GOW), previously authorized, were issued and proceeds were received September 29, 1988. One issue is taxable and the other is tax exempt to the holders. The proceeds were allocated between the General Fund and the Capital Projects Fund based on the level of spending required by the respective funds. The following is a recap of the disposition of the proceeds of the two GOW issues:

Proceeds

	<u>Tax Exempt Issue</u>	<u>Taxable Issue</u>
GOW proceeds	\$17,500,000	\$7,550,000
Interest earned	<u>95,250</u>	<u>55,562</u>
Total	<u>17,595,250</u>	<u>7,605,562</u>

Costs of GOW issues

Discount	257,284	150,650
Issuance costs	<u>103,492</u>	<u>122,580</u>
Total	<u>360,776</u>	<u>273,230</u>
Net proceeds available	<u>17,234,474</u>	<u>7,332,332</u>

Expenditures

Capital improvements	12,424,432	7,240,800
City Board of Education contribution	2,200,000	-
Debt retirement	<u>1,298,043</u>	<u>-</u>
Total Expenditures	<u>15,922,475</u>	<u>7,240,800</u>
Amount unexpended at September 30, 1988	<u>\$ 1,311,999</u>	<u>\$ 91,532</u>

Included in the expenditures above is the retirement of a 1973 GOW issue. The issue was retired on the first redemption date, at par. The principal balance at time of redemption was \$750,000.

A tract of land was acquired during fiscal 1988 for cash of \$411,519 and the issuance of notes in the amount of \$500,000. The notes were due \$100,000 annually, together with interest at 9%, thru October 20, 1992. However, the City elected to prepay these notes, without penalty, from the proceeds of the GOW issues.

Annual debt service requirements to maturity for general long-term debt (including interest) at September 30, 1988 are as follows:

Year Ending September 30.	General		Park and Recreation		Total
	Obligation	Warrants	Board	Bond	
	Principal	Interest	Principal	Interest	
1989	\$ 475,000	\$ 2,413,223	\$ 80,753	\$19,247	\$ 2,988,223
1990	525,000	2,608,847	85,185	14,815	3,233,847
1991	1,220,000	2,563,159	89,862	10,138	3,883,159
1992	1,350,000	2,467,992	94,796	5,204	3,917,992
1993	1,460,000	2,363,439	-	-	3,823,439
1994	1,600,000	2,248,139	-	-	3,848,139
1995	1,720,000	2,120,089	-	-	3,840,089
1996	1,875,000	1,979,140	-	-	3,854,140
1997	2,035,000	1,823,044	-	-	3,858,044
1998	2,220,000	1,650,969	-	-	3,870,969
1999	2,420,000	1,462,554	-	-	3,882,554
2000	1,375,000	1,312,775	-	-	2,687,775
2001	1,495,000	1,205,524	-	-	2,700,524
2002	1,620,000	1,087,739	-	-	2,707,739
2003	1,755,000	959,999	-	-	2,714,999
2004	1,905,000	820,299	-	-	2,725,299
2005	2,060,000	668,419	-	-	2,728,419
2006	2,235,000	502,639	-	-	2,737,639
2007	2,425,000	322,544	-	-	2,747,544
2008	<u>1,705,000</u>	<u>125,744</u>	<u>-</u>	<u>-</u>	<u>1,830,744</u>
	<u>\$33,475,000</u>	<u>\$30,706,277</u>	<u>\$350,596</u>	<u>\$49,404</u>	<u>\$64,581,277</u>

General obligation warrants are secured by the full faith and credit of the City. The Park and Recreation Board bond is secured by a Purchase Money mortgage dated April 7, 1987.

All general long-term debt payments are made from the General Fund.

The City is in compliance with all significant limitations and restrictions contained in the ordinances authorizing the general obligation warrants.

NOTE 7 Interfund Balances

Individual due from/to other fund balances at September 30, 1988 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$27,747	\$ 6,889
State Seven Cent Gasoline Tax Fund	-	27,747
Capital Projects Fund	<u>6,889</u>	<u>-</u>
Total	<u>\$34,636</u>	<u>\$34,636</u>

NOTE 8 Sewer Enterprise Fund

The Sewer Enterprise Fund, which accounts for the operations of the sewer treatment plant, 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 on pages 20, 21, 25 and 26.

The sewer 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 Sewer Enterprise Fund incurred losses for the fiscal years ended September 30, 1988 and 1987 (as restated) of \$321,163 and \$312,365, respectively. The Sewer Enterprise Fund has an accumulated deficit of \$1,550,076 at September 30, 1988. The City acquired the sewer treatment plant as a part of the Riverchase annexation. It was anticipated that the plant would operate at a deficit, but that the deficit incurred would be greatly offset by taxes and licenses revenue derived from the annexed area. The City has received revenue from the annexed area greatly in excess of the sewer treatment plant operating deficit.

NOTE 9 Restatements**A. Restatement of Sewer Enterprise Fund Contributed Capital and Retained Earnings (Deficit)**

Prior year contributed capital, retained earnings (deficit) and net loss have been restated to correct for the reporting of customer tap fees as revenue rather than as contributed capital in accordance with GAAP. The effect of the restatement is as follows:

Sewer
Enterprise
Fund Financial
Statements

	<u>As Previously Reported</u>	<u>As Restated</u>
Balance Sheet		
Fund Equity		
Contributed capital from other funds	\$3,500,000	\$3,500,000
Contributed capital from customers	-	835,464
Total contributed capital	3,500,000	4,335,464
Retained earnings (deficit)-unreserved	(393,449)	(1,228,913)
Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)		
Non-operating revenues		
Tap fees	297,852	-
Total non-operating revenues	307,666	9,814
Net income (loss)	(14,513)	(312,365)
Retained earnings (deficit) at end of year	(393,449)	\$(1,228,913)

Combined
Financial
Statements

	<u>As Previously Reported</u>	<u>As Restated</u>
Balance Sheet		
Fund Equity		
Contributed capital	3,500,000	4,335,464
Retained earnings (deficit)-unreserved	(393,449)	(1,228,913)

B. Restatement of Combined and General Fund Statements of Revenues, Expenditures and Changes in Fund Balances for Fiscal 1987

The Combined and General Fund Statements of Revenues, Expenditures and Changes in Fund Balances for fiscal 1987 have been restated to include capital outlays for land and related bond proceeds of \$427,146. These items were erroneously omitted from the prior year financial statements. Neither the excess of revenues and other financing sources over expenditures and other financing uses nor beginning and ending fund balances were affected by this restatement.

NOTE 10 Contributed Capital - Sewer Enterprise Fund

During the year, contributed capital increased as follows:

Customer tap fees	\$ 236,687
Government - Capital Projects Fund	<u>600,000</u>
Total	836,687
Contributed capital at beginning of year	<u>4,335,464</u>
Contributed capital at end of year	<u>\$5,172,151</u>

NOTE 11 Operating Leases

The City of Hoover, at September 30, 1988, does not have leases that should be capitalized pursuant to any of the four criteria listed in FASB Statement 13.

NOTE 12 Commitments

After formation of the City Board of Education, the City Council committed by resolution to make an annual contribution to the Board. The amount of the contribution is to be thirty (30) percent of City revenues from sales and use tax, or \$4,125,000, whichever is greater. This annual commitment is effective September 1, 1988. In the fiscal year ended September 30, 1988, the City contributed \$3,100,000 to the Board.

The City has a contract with a corporation to consult in the providing of services by the City to senior citizens and youth groups. At September 30, 1988 this contract had 3 years remaining at \$25,000 per year.

The City has a contractual commitment for the completion of the Hoover Metropolitan Stadium at September 30, 1988 in the amount of \$135,000.

NOTE 13 Defined Benefit Pension Plan

A. Plan Description

The City contributes to the Employees' Retirement System of Alabama (System), an agent multiple-employer retirement system that acts as a common investment and administrative agent for state employees and public organizations. The City's payroll for employees covered by the System for the year ended September 30, 1988 was \$6,712,481; total payroll was \$6,988,617.

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 60 with 10 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 actuarial basis specified by statute.

B. Funding Status and Progress

The amount shown below as the "pension benefit obligation" (PBO) is a standardized disclosure method of the present value of pension benefits, adjusted for salary increases and step-rate benefits, estimated to be paid in the future as a result of employee service to date. The present value of the PBO on account of the active members of the System is added to the present value of the PBO to retired members and beneficiaries of the System to obtain the present value of all PBO's of the System. The measure 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 employers. The measure is the actuarial present value of credited projected benefits, and is independent of the funding method used to determine contributions to the System.

The PBO was computed as part of an actuarial valuation performed as of September 30, 1987. Significant actuarial assumptions used in the valuation include (a) a rate of return on investments of 8% a year compounded annually and (b) projected annual salary increases of 5% a year compounded annually.

Total unfunded PBO applicable to the City's employees was \$216,052 at September 30, 1987, as follows:

PBO	
Accumulated employer and employee contributions, including retirees and beneficiaries, along with investment earnings	\$1,371,631
Present value of vested benefits	<u>1,298,240</u>
Total PBO	2,669,871
Net assets available for benefits, at cost	<u>2,453,819</u>
Unfunded PBO	<u>\$ 216,052</u>

C. Actuarially Determined Contribution Requirements 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 credited projected benefits actuarial funding 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. The unfunded liability is being amortized over a 30 year period.

The contribution to the System for 1988 of \$699,389 was made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of September 30, 1987. The contribution consisted of \$654,226 of normal cost (10 percent of current covered payroll) and \$45,163 of the unfunded actuarial accrued liability (1 percent of current covered payroll). The City contributed \$363,816 (5.42 percent of current covered payroll) and employees contributed \$335,573 (5 percent of current covered payroll).

D. 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, 1985, 1986 and 1987, respectively, available assets were sufficient to fund 75.28, 89.68 and 91.91 percent of PBO. Unfunded PBO represented 10.79, 4.15, and 3.22 percent of the annual payroll for employees covered by the System for the same three year period. Showing unfunded 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 6.45 percent of annual covered payroll in 1985 and 1986, and 5.42 percent of annual covered payroll in 1987. The City joined the System in August, 1982. The first actuarial determination was made as of September 30, 1983. Therefore, the information disclosed above represents the PBO, net assets available for benefits and the unfunded liability since the City joined the System. The required historical trend information disclosure is shown on page 72 of this report.

NOTE 14 Contingent Liabilities

Various lawsuits are pending against the City. In addition, numerous claims have been filed which have not yet resulted in lawsuits. In the opinion of the City Attorney, the potential adverse impact of all these claims would not be material to the financial statements of the City.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency

for expenditures disallowed under the terms of the grant. City management believes such disallowances, if any, will be immaterial.

NOTE 15 Capital Projects Fund - Fund Balance Deficit

The Capital Projects Fund reflected a deficit of \$5,561,199 at September 30, 1987. This resulted from expenditure of funds received which were required to be classified as "liabilities" rather than "other financing sources". These funds consisted of a \$6,000,000 short-term note payable to a bank (refinanced as long-term debt in fiscal 1988) and an interfund payable to the General Fund of \$2,963,024 for expenditures made on behalf of the Capital Projects Fund. At September 30, 1987 it was anticipated that the interfund payable to the General Fund from the Capital Projects Fund would be repaid from the proceeds of general obligation warrants to be issued in fiscal 1988. City management subsequently decided against reimbursing the General Fund so that additional long-term borrowing for that purpose would not be required. Therefore, in fiscal 1988 the interfund payable of \$2,963,024 on the Capital Projects Fund and the corresponding interfund receivable on the General Fund were reclassified as operating transfers in and operating transfers out on the Capital Projects Fund and the General Fund respectively.

**NOTE 16 State Seven Cent Gasoline Tax Special Revenue Fund -
Fund Balance Deficit**

The State Seven Cent Gasoline Tax Special Revenue Fund reflects a fund balance deficit of \$3,579 at September 30, 1988.

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COMBINING, INDIVIDUAL FUND AND ACCOUNT
GROUP STATEMENTS AND SCHEDULES

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, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Assets		
Pooled cash and investments	\$2,586,945	\$2,778,514
Receivables		
Taxes	60,891	88,787
Accounts	110,354	-
Due from other funds		
Federal revenue sharing fund	-	46,720
Road and bridge tax fund	-	5,000
Capital projects fund	-	2,963,024
Seven cent gasoline tax fund	<u>27,747</u>	<u>-</u>
Total assets	<u>2,785,937</u>	<u>5,882,045</u>
Liabilities and fund balances		
Liabilities		
Accounts payable	392,739	299,534
Payroll taxes payable	-	17,419
Due to other funds		
Four cent gasoline tax fund	-	105,424
Capital projects fund	6,889	-
Accrued compensated leave	802,628	657,868
Accrued interest payable	-	23,378
Note payable	<u>-</u>	<u>3,650,000</u>
Total liabilities	1,202,256	4,753,623
Fund balances -		
unreserved	<u>1,583,681</u>	<u>1,128,422</u>
Total liabilities and fund balances	<u>\$2,785,937</u>	<u>\$5,882,045</u>

The accompanying notes 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, 1988 and 1987

	<u>1988</u>	<u>1987</u> (Restated)
Revenues		
Taxes	\$13,202,171	\$11,771,178
Licenses and permits	2,719,683	2,631,011
Intergovernmental	541,086	448,492
Fines and forfeitures	295,758	255,711
Interest on investments	332,276	134,822
Stadium lease	280,368	-
Other	<u>233,438</u>	<u>161,826</u>
Total Revenue	<u>17,604,780</u>	<u>15,403,040</u>
Expenditures		
Current operations		
General government	2,504,863	2,069,240
Public safety	6,889,103	5,935,380
Municipal court	110,415	90,031
Streets and sanitation	1,877,805	1,911,902
Recreation	630,564	491,369
Library	571,997	507,896
Health	<u>105,317</u>	<u>84,646</u>
Total	12,690,064	11,090,464
Capital outlays	985,673	3,033,098
Debt service		
Principal	1,401,550	525,000
Interest	1,126,380	908,623
Issuance cost	51,953	-
City Board of Education	<u>3,100,000</u>	<u>-</u>
Total Expenditures	<u>19,355,620</u>	<u>15,557,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,750,840)</u>	<u>(154,145)</u>
Other financing sources (uses)		
Operating transfers out	(6,449,744)	-
General obligation warrant and bond proceeds	<u>8,655,843</u>	<u>427,146</u>
Total other financing sources	<u>2,206,099</u>	<u>427,146</u>
Excess of revenues and other financing sources over expenditures and other financing uses	455,259	273,001
Fund balances at beginning of year	<u>1,128,422</u>	<u>855,421</u>
Fund balances at end of year	<u>\$ 1,583,681</u>	<u>\$ 1,128,422</u>

The accompanying notes 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, 1988 and 1987

	1988		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$12,870,000	\$13,202,171	\$ 332,171
Licenses and permits	3,221,000	2,719,683	(501,317)
Intergovernmental	415,000	541,086	126,086
Fines and forfeitures	230,000	295,758	65,758
Interest on investments	100,000	332,276	232,276
Stadium lease	-	280,368	280,368
Other	<u>164,000</u>	<u>233,438</u>	<u>69,438</u>
Total Revenues	<u>17,000,000</u>	<u>17,604,780</u>	<u>604,780</u>
Expenditures			
Current operations			
General government	2,461,952	2,504,863	(42,911)
Public safety	6,871,700	6,889,103	(17,403)
Municipal court	112,900	110,415	2,485
Streets and sanitation	1,872,400	1,877,805	(5,405)
Recreation	688,500	630,564	57,936
Library	604,200	571,997	32,203
Health	<u>107,100</u>	<u>105,317</u>	<u>1,783</u>
Total	12,718,752	12,690,064	28,688
Capital outlays	892,470	985,673	(93,203)
Debt service			
Principal	915,550	1,401,550	(486,000)
Interest	1,768,450	1,126,380	642,070
Issuance cost	-	51,953	(51,953)
City Board of Education	<u>2,800,000</u>	<u>3,100,000</u>	<u>(300,000)</u>
Total expenditures	<u>19,095,222</u>	<u>19,355,620</u>	<u>(260,398)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,095,222)</u>	<u>(1,750,840)</u>	<u>344,382</u>
Other financing sources (uses)			
Operating transfers out	-	(6,449,744)	(6,449,744)
General obligation warrant and bond proceeds	<u>-</u>	<u>8,655,843</u>	<u>8,655,843</u>
Total other financing sources (uses)	<u>-</u>	<u>2,206,099</u>	<u>2,206,099</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,095,222)</u>	455,259	<u>\$2,550,481</u>
Fund balances at beginning of year		<u>1,128,422</u>	
Fund balances at end of year		<u>\$ 1,583,681</u>	

The accompanying notes are an integral part of this statement.

1987		
<u>Budget</u>	<u>Actual (Restated)</u>	<u>Variance Favorable (Unfavorable)</u>
\$10,316,000	\$11,771,178	\$ 1,455,178
2,592,000	2,631,011	39,011
379,000	448,492	69,492
207,000	255,711	48,711
30,000	134,822	104,822
-	-	-
86,000	161,826	75,826
<u>13,610,000</u>	<u>15,403,040</u>	<u>1,793,040</u>
1,879,800	2,069,240	(189,440)
5,521,400	5,935,380	(413,980)
87,700	90,031	(2,331)
1,838,300	1,911,902	(73,602)
557,300	491,369	65,931
519,400	507,896	11,504
105,500	84,646	20,854
<u>10,509,400</u>	<u>11,090,464</u>	<u>(581,064)</u>
659,900	3,033,098	(2,373,198)
525,000	525,000	-
1,060,900	908,623	152,277
-	-	-
-	-	-
<u>12,755,200</u>	<u>15,557,185</u>	<u>(2,801,985)</u>
854,800	(154,145)	(1,008,945)
(410,000)	-	410,000
-	427,146	427,146
<u>(410,000)</u>	<u>427,146</u>	<u>837,146</u>
<u>\$ 444,800</u>	273,001	<u>\$ (171,799)</u>
	<u>855,421</u>	
	<u>\$ 1,128,422</u>	

THE CITY OF HOOVER, ALABAMA
 General Fund
 Schedule of Current Expenditures
 Budget and Actual
 For the fiscal year ended September 30, 1988
 (with comparative actual amounts for the fiscal year ended September 30, 1987)

<u>Expenditures - Current Operations</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	1987 <u>Actual</u>
General government				
Administrative				
Personal services	\$ 571,600	\$ 578,887	\$ (7,287)	\$ 558,994
Other	<u>1,796,652</u>	<u>1,828,221</u>	<u>(31,569)</u>	<u>1,430,324</u>
Total	<u>2,368,252</u>	<u>2,407,108</u>	<u>(38,856)</u>	<u>1,989,318</u>
Municipal garage				
Personal services	79,900	82,201	(2,301)	65,650
Other	<u>13,800</u>	<u>15,554</u>	<u>(1,754)</u>	<u>14,272</u>
Total	<u>93,700</u>	<u>97,755</u>	<u>(4,055)</u>	<u>79,922</u>
Total general government	<u>2,461,952</u>	<u>2,504,863</u>	<u>(42,911)</u>	<u>2,069,240</u>
Public safety				
Police				
Personal services	2,814,500	2,845,617	(31,117)	2,304,622
Other	<u>299,500</u>	<u>324,495</u>	<u>(24,995)</u>	<u>317,359</u>
Total	<u>3,114,000</u>	<u>3,170,112</u>	<u>(56,112)</u>	<u>2,621,981</u>
Fire				
Personal services	3,212,700	3,173,631	39,069	2,850,001
Other	<u>223,000</u>	<u>243,209</u>	<u>(20,209)</u>	<u>191,432</u>
Total	<u>3,435,700</u>	<u>3,416,840</u>	<u>18,860</u>	<u>3,041,433</u>
Inspection services				
Personal services	290,000	270,354	19,646	241,187
Other	<u>32,000</u>	<u>31,797</u>	<u>203</u>	<u>30,779</u>
Total	<u>322,000</u>	<u>302,151</u>	<u>19,849</u>	<u>271,966</u>
Total public safety	<u>6,871,700</u>	<u>6,889,103</u>	<u>(17,403)</u>	<u>5,935,380</u>
Municipal court				
Municipal court				
Personal services	76,700	78,174	(1,474)	78,507
Other	<u>36,200</u>	<u>32,241</u>	<u>3,959</u>	<u>11,524</u>
Total municipal court	<u>112,900</u>	<u>110,415</u>	<u>2,485</u>	<u>90,031</u>
Streets and sanitation				
Streets and sanitation				
Personal services	244,000	218,925	25,075	320,635
Other	<u>1,628,400</u>	<u>1,658,880</u>	<u>(30,480)</u>	<u>1,591,267</u>
Total streets and sanitation	<u>1,872,400</u>	<u>1,877,805</u>	<u>(5,405)</u>	<u>1,911,902</u>

Continued on Page 50

The accompanying notes are an integral part of this schedule.

THE CITY OF HOOVER, ALABAMA
 General Fund (Continued)
 Schedule of Current Expenditures
 Budget and Actual
 For the fiscal year ended September 30, 1988
 (with comparative actual amounts for the fiscal year ended September 30, 1987)

<u>Expenditures - Current Operations</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1987 Actual</u>
Recreation				
Recreation				
Personal services	\$ 510,800	\$ 416,416	\$94,384	\$ 306,450
Other	<u>177,700</u>	<u>214,148</u>	<u>(36,448)</u>	<u>184,919</u>
Total recreation	<u>688,500</u>	<u>630,564</u>	<u>57,936</u>	<u>491,369</u>
Library				
Library				
Personal services	425,200	413,266	11,934	349,435
Other	<u>179,000</u>	<u>158,731</u>	<u>20,269</u>	<u>158,461</u>
Total library	<u>604,200</u>	<u>571,997</u>	<u>32,203</u>	<u>507,896</u>
Health				
Health				
Personal services	34,500	43,002	(8,502)	21,977
Other	<u>72,600</u>	<u>62,315</u>	<u>10,285</u>	<u>62,669</u>
Total health	<u>107,100</u>	<u>105,317</u>	<u>1,783</u>	<u>84,646</u>
Total expenditures- current operations	<u>\$12,718,752</u>	<u>\$12,690,064</u>	<u>\$28,688</u>	<u>\$11,090,464</u>

Continued from Page 49

The accompanying notes are an integral part of this schedule.

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SPECIAL REVENUE FUNDS

These include operating funds which are restricted as to use by the Federal, State and County governments as follows:

Federal Revenue Sharing Fund accounts for funds received and disbursed under Federal Revenue Sharing.

State Seven Cent Gasoline Tax Fund accounts for proceeds of a 7 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 Cent Gasoline Tax Fund accounts for proceeds of a 4 cent State gasoline tax. The use of these funds is restricted to expenditures for the renovation, rehabilitation, and resurfacing of city streets and bridges.

County Road and Bridge Tax Fund accounts for the proceeds of the county ad valorem road tax collected within the City's boundary.

THE CITY OF HOOVER, ALABAMA
 Special Revenue Funds
 Combining Balance Sheet
 September 30, 1988
 (With comparative totals for September 30, 1987)

	<u>Federal Revenue Sharing</u>	<u>State Seven Cent Gasoline Tax</u>	<u>State Four Cent Gasoline Tax</u>	<u>County Road and Bridge Tax</u>	<u>Totals</u>	
					<u>1988</u>	<u>1987</u>
Assets						
Pooled cash and investments	\$41,800	\$ 6,957	\$224,819	\$ 38,430	\$312,006	\$282,094
Due from other governments						
County	-	-	-	188,789	188,789	159,393
State	-	17,211	9,547	-	26,758	27,658
Due from general fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,424</u>
Total assets	<u>41,800</u>	<u>24,168</u>	<u>234,366</u>	<u>227,219</u>	<u>527,553</u>	<u>574,569</u>
Liabilities and fund balances						
Liabilities						
Bank overdraft	24,131	-	-	-	24,131	19
Accounts payable	16,286	-	7,315	-	23,601	-
Due to general fund	<u>-</u>	<u>27,747</u>	<u>-</u>	<u>-</u>	<u>27,747</u>	<u>51,720</u>
Total liabilities	<u>40,417</u>	<u>27,747</u>	<u>7,315</u>	<u>-</u>	<u>75,479</u>	<u>51,739</u>
Fund balances (deficit)- unreserved	<u>1,383</u>	<u>(3,579)</u>	<u>227,051</u>	<u>227,219</u>	<u>452,074</u>	<u>522,830</u>
Total liabilities and fund balances	<u>\$41,800</u>	<u>\$24,168</u>	<u>\$234,366</u>	<u>\$227,219</u>	<u>\$527,553</u>	<u>\$574,569</u>

The accompanying notes 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, 1988
(With comparative totals for year ended September 30, 1987)

	Federal Revenue Sharing	State Seven Cent Gasoline Tax	State Four Cent Gasoline Tax	County Road and Bridge Tax	Totals	
					1988	1987
Revenues						
Intergovernmental	\$ -	\$187,354	\$104,552	\$188,789	\$480,695	\$442,423
Interest on investments	<u>8,351</u>	<u>2,595</u>	<u>10,096</u>	<u>5,423</u>	<u>26,465</u>	<u>23,571</u>
Total revenues	<u>8,351</u>	<u>189,949</u>	<u>114,648</u>	<u>194,212</u>	<u>507,160</u>	<u>465,994</u>
Expenditures						
Current operations						
Streets and sanitation						
Personal services	-	221,976	-	123,010	344,986	191,000
Other	<u>5,190</u>	<u>-</u>	<u>60,120</u>	<u>-</u>	<u>65,310</u>	<u>169,962</u>
Total	<u>5,190</u>	<u>221,976</u>	<u>60,120</u>	<u>123,010</u>	<u>410,296</u>	<u>360,962</u>
Capital outlays	<u>167,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,620</u>	<u>-</u>
Total expenditures	<u>172,810</u>	<u>221,976</u>	<u>60,120</u>	<u>123,010</u>	<u>577,916</u>	<u>360,962</u>
Excess (deficiency) of revenues over (under) expenditures	(164,459)	(32,027)	54,528	71,202	(70,756)	105,032
Fund balances at beginning of year	<u>165,842</u>	<u>28,448</u>	<u>172,523</u>	<u>156,017</u>	<u>522,830</u>	<u>417,798</u>
Fund balances (deficit) at end of year	<u>\$ 1,383</u>	<u>\$ (3,579)</u>	<u>\$227,051</u>	<u>\$227,219</u>	<u>\$452,074</u>	<u>\$522,830</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
 Federal Revenue Sharing Special Revenue Fund
 Comparative Balance Sheets
 September 30, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Assets		
Pooled cash and investments	\$41,800	\$165,842
Total assets	<u>41,800</u>	<u>165,842</u>
Liabilities and fund balances		
Liabilities		
Bank overdraft	24,131	-
Accounts payable	<u>16,286</u>	<u>-</u>
Total liabilities	<u>40,417</u>	<u>-</u>
Fund balances - unreserved	<u>1,383</u>	<u>165,842</u>
Total liabilities and fund balances	<u>\$41,800</u>	<u>\$165,842</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
 Federal Revenue Sharing Special Revenue Fund
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
 For the fiscal years ended September 30, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Revenues		
Intergovernmental	\$ -	\$ 2,036
Interest on investments	<u>8,351</u>	<u>10,463</u>
Total revenues	<u>8,351</u>	<u>12,499</u>
Expenditures		
Current operations		
Streets and sanitation		
Other	5,190	-
Capital outlays	<u>167,620</u>	<u>-</u>
Total expenditures	<u>172,810</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(164,459)	12,499
Fund balances at beginning of year	<u>165,842</u>	<u>153,343</u>
Fund balances at end of year	<u>\$ 1,383</u>	<u>\$165,842</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
 Federal Revenue Sharing Special Revenue Fund
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the fiscal years ended September 30, 1988 and 1987

	1988			1987		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 2,036	\$ 2,036
Interest on investments	<u>5,000</u>	<u>8,351</u>	<u>3,351</u>	<u>-</u>	<u>10,463</u>	<u>10,463</u>
Total revenues	<u>5,000</u>	<u>8,351</u>	<u>3,351</u>	<u>-</u>	<u>12,499</u>	<u>12,499</u>
Expenditures						
Current operations						
Streets and sanitation						
Other	-	5,190	(5,190)	-	-	-
Capital outlays	<u>170,000</u>	<u>167,620</u>	<u>2,380</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>170,000</u>	<u>172,810</u>	<u>(2,810)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$(165,000)</u>	(164,459)	<u>\$ 541</u>	<u>\$ -</u>	12,499	<u>\$12,499</u>
Fund balances at beginning of year		<u>165,842</u>			<u>153,343</u>	
Fund balances at end of year		<u>\$ 1,383</u>			<u>\$165,842</u>	

The accompanying notes 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, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Assets		
Pooled cash and investments	\$ 6,957	\$56,956
Due from state government	<u>17,211</u>	<u>18,212</u>
Total assets	<u>24,168</u>	<u>75,168</u>
Liabilities and fund balances		
Liabilities		
Due to general fund	<u>27,747</u>	<u>46,720</u>
Total liabilities	<u>27,747</u>	<u>46,720</u>
Fund balances (deficit) - unreserved	<u>(3,579)</u>	<u>28,448</u>
Total liabilities and fund balances	<u>\$24,168</u>	<u>\$75,168</u>

The accompanying notes 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, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Revenues		
Intergovernmental	\$187,354	\$185,532
Interest on investments	<u>2,595</u>	<u>4,175</u>
Total revenues	<u>189,949</u>	<u>189,707</u>
 Expenditures		
Current operations		
Streets and sanitation		
Personal services	221,976	191,000
Other	<u>-</u>	<u>90,793</u>
Total expenditures	<u>221,976</u>	<u>281,793</u>
Excess (deficiency) of revenues over (under) expenditures	(32,027)	(92,086)
Fund balances at beginning of year	<u>28,448</u>	<u>120,534</u>
Fund balances (deficit) at end of year	<u>\$(3,579)</u>	<u>\$ 28,448</u>

The accompanying notes 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, 1988 and 1987

	1988			1987		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$217,000	\$187,354	\$(29,646)	\$186,000	\$185,532	\$ (468)
Interest on investments	<u>5,000</u>	<u>2,595</u>	<u>(2,405)</u>	<u>5,000</u>	<u>4,175</u>	<u>(825)</u>
Total revenues	<u>222,000</u>	<u>189,949</u>	<u>(32,051)</u>	<u>191,000</u>	<u>189,707</u>	<u>(1,293)</u>
Expenditures						
Current operations						
Streets and sanitation						
Personal services	222,000	221,976	24	191,000	191,000	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,793</u>	<u>(90,793)</u>
Total expenditures	<u>222,000</u>	<u>221,976</u>	<u>24</u>	<u>191,000</u>	<u>281,793</u>	<u>(90,793)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>(32,027)</u>	<u>\$(32,027)</u>	<u>\$ -</u>	<u>(92,086)</u>	<u>\$(92,086)</u>
Fund balances at beginning of year		<u>28,448</u>			<u>120,534</u>	
Fund balances (deficit) at end of year		<u>\$ (3,579)</u>			<u>\$ 28,448</u>	

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
 State Four Cent Gasoline Tax Special Revenue Fund
 Comparative Balance Sheets
 September 30, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Assets		
Pooled cash and investments	\$224,819	\$ 57,672
Due from state government	9,547	9,446
Due from general fund	<u> -</u>	<u>105,424</u>
Total assets	<u>234,366</u>	<u>172,542</u>
Liabilities and fund balances		
Liabilities		
Bank overdraft	-	19
Accounts payable	<u>7,315</u>	<u> -</u>
Total liabilities	<u>7,315</u>	<u>19</u>
Fund balances - unreserved	<u>227,051</u>	<u>172,523</u>
Total liabilities and fund balances	<u>\$234,366</u>	<u>\$172,542</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
 State Four Cent Gasoline Tax Special Revenue Fund
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
 For the fiscal years ended September 30, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Revenues		
Intergovernmental	\$104,552	\$ 95,462
Interest on investments	<u>10,096</u>	<u>8,844</u>
Total revenues	<u>114,648</u>	<u>104,306</u>
Expenditures		
Current operations		
Streets and sanitation		
Other	<u>60,120</u>	<u>79,169</u>
Total expenditures	<u>60,120</u>	<u>79,169</u>
Excess of revenues over expenditures	54,528	25,137
Fund balances at beginning of year	<u>172,523</u>	<u>147,386</u>
Fund balances at end of year	<u>\$227,051</u>	<u>\$172,523</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
 State Four 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, 1988 and 1987

	1988			1987		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$100,000	\$104,552	\$ 4,552	\$100,000	\$ 95,462	\$(4,538)
Interest on investments	<u>3,000</u>	<u>10,096</u>	<u>7,096</u>	<u>3,000</u>	<u>8,844</u>	<u>5,844</u>
Total revenues	<u>103,000</u>	<u>114,648</u>	<u>11,648</u>	<u>103,000</u>	<u>104,306</u>	<u>1,306</u>
Expenditures						
Current operations						
Streets and sanitation						
Other	<u>44,700</u>	<u>60,120</u>	<u>(15,420)</u>	<u>103,000</u>	<u>79,169</u>	<u>23,831</u>
Total expenditures	<u>44,700</u>	<u>60,120</u>	<u>(15,420)</u>	<u>103,000</u>	<u>79,169</u>	<u>23,831</u>
Excess of revenues over expenditures	<u>\$ 58,300</u>	54,528	<u>\$ (3,772)</u>	<u>\$ -</u>	25,137	<u>\$ 25,137</u>
Fund balances at beginning of year		<u>172,523</u>			<u>147,386</u>	
Fund balances at end of year		<u>\$227,051</u>			<u>\$172,523</u>	

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
 County Road and Bridge Tax Special Revenue Fund
 Comparative Balance Sheets
 September 30, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Assets		
Pooled cash and investments	\$ 38,430	\$ 1,624
Due from county government	<u>188,789</u>	<u>159,393</u>
Total assets	<u>227,219</u>	<u>161,017</u>
 Liabilities and fund balances		
Liabilities		
Due to general fund	<u>-</u>	<u>5,000</u>
Total liabilities	<u>-</u>	<u>5,000</u>
Fund balances - unreserved	<u>227,219</u>	<u>156,017</u>
Total liabilities and fund balances	<u>\$227,219</u>	<u>\$161,017</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
 County Road and Bridge Tax Special Revenue Fund
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
 For the fiscal years ended September 30, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Revenues		
Intergovernmental	\$188,789	\$159,393
Interest on investments	<u>5,423</u>	<u>89</u>
Total revenues	<u>194,212</u>	<u>159,482</u>
 Expenditures		
Current operations		
Streets and sanitation		
Personal services	<u>123,010</u>	<u>-</u>
Total expenditures	<u>123,010</u>	<u>-</u>
Excess of revenues over expenditures	71,202	159,482
 Fund balances (deficit) at beginning of year	<u>156,017</u>	<u>(3,465)</u>
Fund balances at end of year	<u>\$227,219</u>	<u>\$156,017</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
 County Road and Bridge Tax Special Revenue Fund
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the fiscal years ended September 30, 1988 and 1987

	1988			1987		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$120,000	\$188,789	\$68,789	\$120,000	\$159,393	\$39,393
Interest on investments	3,000	5,423	2,423	3,000	89	(2,911)
Total revenues	<u>123,000</u>	<u>194,212</u>	<u>71,212</u>	<u>123,000</u>	<u>159,482</u>	<u>36,482</u>
Expenditures						
Current operations						
Streets and sanitation						
Personal services	123,000	123,010	(10)	-	-	-
Total expenditures	<u>123,000</u>	<u>123,010</u>	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	71,202	<u>\$71,202</u>	<u>\$123,000</u>	159,482	<u>\$36,482</u>
Fund balances (deficit) at beginning of year		<u>156,017</u>			<u>(3,465)</u>	
Fund balances at end of year		<u>\$227,219</u>			<u>\$156,017</u>	

The accompanying notes are an integral part of this statement.

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CAPITAL PROJECTS FUND

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

THE CITY OF HOOVER, ALABAMA
 Capital Projects Fund
 Comparative Balance Sheets
 September 30, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Assets		
Pooled cash and investments	\$1,251,382	\$ 5,074,797
Due from general fund	<u>6,889</u>	<u>-</u>
Total assets	<u><u>1,258,271</u></u>	<u><u>5,074,797</u></u>
Liabilities and fund balances		
Liabilities		
Bank overdraft	-	352,965
Accounts payable	115,244	1,281,577
Accrued interest payable	-	38,430
Note payable	-	6,000,000
Due to general fund	<u>-</u>	<u>2,963,024</u>
Total liabilities	115,244	10,635,996
Fund balances (deficit) - unreserved	<u>1,143,027</u>	<u>(5,561,199)</u>
Total liabilities and fund balances	<u><u>\$1,258,271</u></u>	<u><u>\$ 5,074,797</u></u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
 Capital Projects Fund
 Comparative Statements of Revenues, Expenditures
 and Changes in Fund Balances
 For the fiscal years ended September 30, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Revenues		
Interest on investments	<u>\$ 121,321</u>	<u>\$ 49,532</u>
Expenditures		
Capital outlays		
Sewer expansion	600,000	-
Road construction	50,000	-
Park facilities	-	70,557
Stadium facility	9,013,441	2,954,598
Industrial park infrastructure	2,718,373	1,923,400
Fire stations	1,553,736	100,210
Library	-	205,497
Land acquisition	1,112,066	362,806
Civic center	<u>3,685</u>	<u>-</u>
Total	15,051,301	5,617,068
Debt service		
Principal	500,000	-
Interest	627,642	38,430
Issuance cost	<u>174,119</u>	<u>-</u>
Total expenditures	<u>16,353,062</u>	<u>5,655,498</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,231,741)</u>	<u>(5,605,966)</u>
Other financing sources		
Operating transfers in	6,449,744	-
General obligation warrant proceeds	15,986,223	-
Proceeds of long-term notes	<u>500,000</u>	<u>-</u>
Total other financing sources	<u>22,935,967</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	6,704,226	(5,605,966)
Fund balances (deficit) at beginning of year	<u>(5,561,199)</u>	<u>44,767</u>
Fund balances (deficit) at end of year	<u>\$1,143,027</u>	<u>\$(5,561,199)</u>

The accompanying notes are an integral part of this statement.

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ENTERPRISE FUND

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

The Sewer Enterprise Fund accounts for the sewer services to the Riverchase and Southlake 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, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Assets		
Current assets		
Pooled cash and investments	\$ 465,104	\$ 333,224
Sewer service charges receivable	16,402	19,267
Inventory	<u>3,100</u>	<u>4,143</u>
Total current assets	<u>484,606</u>	<u>356,634</u>
Property, plant and equipment		
Equipment	19,033	-
Land	536,000	536,000
Sewer treatment plant	<u>3,572,389</u>	<u>2,969,047</u>
Total property, plant and equipment	4,127,422	3,505,047
Less accumulated depreciation	<u>(938,163)</u>	<u>(739,995)</u>
Net property, plant and equipment	<u>3,189,259</u>	<u>2,765,052</u>
Total assets	<u>\$3,673,865</u>	<u>\$3,121,686</u>
Liabilities and equity		
Current liabilities		
Bank overdraft	-	986
Accounts payable	<u>51,790</u>	<u>14,149</u>
Total current liabilities	<u>51,790</u>	<u>15,135</u>
Equity		
Contributed capital		
Government	4,100,000	3,500,000
Customers	<u>1,072,151</u>	<u>835,464</u>
Total contributed capital	5,172,151	4,335,464
Retained earnings (deficit) - unreserved	<u>(1,550,076)</u>	<u>(1,228,913)</u>
Total equity	<u>3,622,075</u>	<u>3,106,551</u>
Total liabilities and equity	<u>\$3,673,865</u>	<u>\$3,121,686</u>

*A comparative statement of revenues, expenses and changes in retained earnings (deficit) for the Sewer Enterprise Fund is presented on page 25 of this report. A comparative statement of changes in financial position for the Sewer Enterprise Fund is presented on page 26.

The accompanying notes 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 are not justified.

THE CITY OF HOOVER, ALABAMA
 Comparative Schedule of General Fixed
 Assets By Source
 September 30, 1988 and 1987

	<u>1988</u>	<u>1987</u>
General fixed assets		
Land	\$7,353,399	\$6,283,135
Buildings	7,294,738	5,653,187
Improvements other than buildings	16,895,340	4,129,810
Equipment and vehicles	4,295,888	3,973,652
Construction in progress	<u>301,636</u>	<u>3,391,189</u>
Total general fixed assets	<u>36,141,001</u>	<u>23,430,973</u>
Investment in general fixed assets by source		
Park and recreation board bond	427,146	427,146
General obligations warrants	21,812,713	7,895,214
Long-term notes payable	500,000	-
Federal grants	1,256,344	1,256,344
Short-term note payable	-	1,023,021
General revenues	9,157,973	9,842,423
Donations and annexations	<u>2,986,825</u>	<u>2,986,825</u>
Total investment in general fixed assets	<u>\$36,141,001</u>	<u>\$23,430,973</u>

The accompanying notes are an integral part of this schedule.

THE CITY OF HOOVER, ALABAMA
 Schedule of General Fixed Assets
 by Function and Activity
 September 30, 1988

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Equipment and Vehicles</u>
General government					
Administration	\$ 6,991,323	\$2,176,056	\$4,314,449	\$ -	\$ 500,818
Municipal garage	<u>286,370</u>	<u>-</u>	<u>254,493</u>	<u>-</u>	<u>31,877</u>
Total general government	<u>7,277,693</u>	<u>2,176,056</u>	<u>4,568,942</u>	<u>-</u>	<u>532,695</u>
Public safety					
Police	931,273	-	-	-	931,273
Fire	4,348,413	385,277	2,165,154	-	1,797,982
Inspection	<u>75,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,329</u>
Total public safety	<u>5,355,015</u>	<u>385,277</u>	<u>2,165,154</u>	<u>-</u>	<u>2,804,584</u>
Municipal court	<u>2,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,950</u>
Streets and sanitation	<u>1,174,080</u>	<u>-</u>	<u>508,985</u>	<u>-</u>	<u>665,095</u>
Recreation	<u>21,938,648</u>	<u>4,792,066</u>	<u>51,657</u>	<u>16,895,340</u>	<u>199,585</u>
Library	<u>72,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,465</u>
Health	<u>18,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,514</u>
Total General Fixed Assets Allocated to Functions	35,839,365	<u>\$7,353,399</u>	<u>\$7,294,738</u>	<u>\$16,895,340</u>	<u>\$4,295,888</u>
Construction in progress	<u>301,636</u>				
Total General Fixed Assets	<u>\$36,141,001</u>				

The accompanying notes are an integral part of this schedule.

THE CITY OF HOOVER, ALABAMA
 Schedule of Changes in General Fixed Assets
 by Function and Activity
 For the fiscal year ended September 30, 1988

<u>Function and Activity</u>	General Fixed Assets October 1, 1987	<u>Additions</u>	<u>Deductions</u>	General Fixed Assets September 30, 1988
General Government				
Administration	\$ 6,961,361	\$ 66,255	\$ 36,293	\$ 6,991,323
Municipal garage	<u>286,370</u>	<u>-</u>	<u>-</u>	<u>286,370</u>
Total general government	<u>7,247,731</u>	<u>66,255</u>	<u>36,293</u>	<u>7,277,693</u>
Public safety				
Police	794,274	186,026	49,027	931,273
Fire	2,676,207	1,681,862	9,656	4,348,413
Inspection	<u>65,404</u>	<u>14,145</u>	<u>4,220</u>	<u>75,329</u>
Total public safety	<u>3,535,885</u>	<u>1,882,033</u>	<u>62,903</u>	<u>5,355,015</u>
Municipal court	<u>1,211</u>	<u>1,739</u>	<u>-</u>	<u>2,950</u>
Streets and sanitation	<u>1,124,176</u>	<u>53,138</u>	<u>3,234</u>	<u>1,174,080</u>
Recreation	<u>8,040,863</u>	<u>13,939,587</u>	<u>41,802</u>	<u>21,938,648</u>
Library	<u>71,404</u>	<u>1,061</u>	<u>-</u>	<u>72,465</u>
Health	<u>18,514</u>	<u>-</u>	<u>-</u>	<u>18,514</u>
Construction in progress	<u>3,391,189</u>	<u>10,548,192</u>	<u>13,637,745</u>	<u>301,636</u>
Total General Fixed Assets	<u>\$23,430,973</u>	<u>\$26,492,005</u>	<u>\$13,781,977</u>	<u>\$36,141,001</u>

The accompanying notes are an integral part of this schedule.

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 debt includes, in addition to general obligation warrants, bonds and other indebtedness which have a maturity of more than one year from date of issuance.

THE CITY OF HOOVER, ALABAMA
 Comparative Schedule of General Long-Term Debt
 September 30, 1988 and 1987

	<u>1988</u>	<u>1987</u>
Amount available and to be provided for the payment of general long-term debt		
Amount to be provided from general fund revenues	<u>\$33,825,596</u>	<u>\$10,177,146</u>
Total available and to be provided	<u><u>33,825,596</u></u>	<u><u>10,177,146</u></u>
General long-term debt		
Park and Recreation Board bond payable	350,596	427,146
General obligation warrants payable	<u>33,475,000</u>	<u>9,750,000</u>
Total general long-term debt	<u><u>\$33,825,596</u></u>	<u><u>\$10,177,146</u></u>

The accompanying notes are an integral part of this schedule.

SUPPLEMENTAL INFORMATION

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

Plan Year Ended September 30 (A)	(1)	(2)	(3)	(4)	(5)	Unfunded PBO As a Percentage of Covered Payroll <u>(4)/(5)</u>
	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded <u>(1)/(2)</u>	Unfunded PBO <u>(2)-(1)</u>	Annual Covered Payroll	
1983	\$ 336,964	\$ 564,691	59.67%	\$227,727	\$1,930,284	11.80%
1984	664,838	1,081,851	61.45%	417,013	2,339,581	17.82%
1985	1,027,524	1,364,869	75.28%	337,345	3,127,442	10.79%
1986	1,682,417	1,876,066	89.68%	193,649	4,668,667	4.15%
1987	2,453,819	2,669,871	91.91%	216,052	6,712,481	3.22%

* Unaudited

(A) Date of actuarial valuation. First valuation performed September 30, 1983, the City's first year of participation.

Source: Employee's Retirement System of Alabama

PBO = Pension Benefit Obligation

THE CITY OF HOOVER, ALABAMA
 Schedule of General Government Tax Revenues By Source
 Last Three Fiscal Years*

<u>Fiscal Year</u>	<u>Sales and Use Tax</u>	<u>Property Tax</u>	<u>In Lieu of Property Tax</u>	<u>Auto Tax</u>	<u>Rental Tax</u>	<u>Total</u>
1986	\$ 7,576,464	\$ 899,553	\$41,622	\$ 87,686	\$50,824	\$ 8,656,149
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

*Comparative information not available in years prior to fiscal 1986.

Source: City annual financial reports.

STATISTICAL SECTION

THE CITY OF HOOVER, ALABAMA
 Combined Government 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>Recreation</u>	<u>Library</u>
1979	\$ 250,512	\$ 984,133	\$ 555,282	\$ 18,064	\$ -
1980	326,888	1,192,370	631,747	25,476	-
1981	355,476	1,646,729	796,141	34,078	-
1982	374,992	1,901,025	894,441	43,985	-
1983	498,738	2,398,310	1,028,819	60,666	87,328
1984	578,632	2,712,438	1,119,255	84,878	237,187
1985	949,720	3,433,347	1,560,209	181,071	391,958
1986	1,752,087	5,050,302	1,797,103	251,955	428,796
1987	2,069,240	6,025,411	2,272,864	491,369	507,896
1988	2,504,863	6,999,518	2,288,101	630,564	571,997

Continued on page 75

- (A) This schedule includes the General, Special Revenue and Capital Projects Funds.
- (B) Municipal Court, which is a separate function from Public Safety in these financial statements for fiscal 1984 thru 1988, is included in Public Safety for this presentation to afford comparability with prior years.
- (C) City Board of Education was formed October 5, 1987 and began operations of the school system on August 29, 1988.
- (D) The deficit shown for fiscal years 1982, 1983 and 1984 resulted from a contractual agreement to subsidize the operating cost of a private sewer treatment plant prior to its acquisition by the City. Subsequent to its acquisition by the City, operating results are reported in the Proprietary Fund.

Source: City annual financial reports.

<u>Health</u>	<u>Capital Outlays</u>	<u>Debt Service</u>	<u>City Board of Education (C)</u>	<u>Sewer Treatment Plant Operating Deficit (D)</u>	<u>Total</u>
\$ 3,115	\$ 121,859	\$ 43,940	\$ -	\$ -	\$1,976,905
2,785	6,761	44,200	-	-	2,230,227
33,488	90,123	51,216	-	-	3,007,251
34,771	343,341	47,351	-	411,000	4,050,906
50,747	2,456,536	46,626	-	189,000	6,816,770
47,481	5,704,698	1,589,970	-	17,898	12,092,437
56,638	5,354,721	1,103,150	-	-	13,030,814
62,995	3,688,824	1,432,019	-	-	14,464,081
84,646	8,650,166	1,472,053	-	-	21,573,645
105,317	16,204,594	3,881,644	3,100,000	-	36,286,598

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THE CITY OF HOOVER, ALABAMA
 Combined Government Revenues By Sources
 All Governmental Fund Types (A)
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Intergovernmental</u>
1979	\$1,152,967	\$ 519,504	\$304,908
1980	1,345,886	563,330	239,512
1981	1,906,789	725,199	367,455
1982	2,392,226	987,557	630,008
1983	2,639,030	1,165,863	728,679
1984	5,008,427	1,378,351	826,258
1985	6,191,443	1,745,746	885,437
1986	8,656,149	1,902,237	889,399
1987	11,771,178	2,631,011	890,915
1988	13,202,171	2,719,683	1,021,781

Continued on page 77

- (A) This schedule includes the General, Special Revenue and Capital Projects Funds.
- (B) Lease agreement with Birmingham Baseball Club, Inc., effective March 15, 1988, as tenant of the Hoover Metropolitan Stadium for a period of 10 years.

Source: City annual financial reports.

<u>Fines and Forfeitures</u>	<u>Interest</u>	<u>Stadium Lease (B)</u>	<u>Other</u>	<u>Total</u>
\$ 40,493	\$ 40,969	-	\$ 10,545	\$2,069,386
49,708	61,318	-	19,370	2,279,124
70,598	71,125	-	45,654	3,186,820
97,629	172,948	-	97,756	4,378,124
154,976	172,460	-	83,717	4,944,725
184,417	576,573	-	60,998	8,035,024
176,043	677,996	-	47,718	9,724,383
207,288	161,037	-	527,031	12,343,141
255,711	207,925	-	161,826	15,918,566
295,758	480,062	280,368	233,438	18,233,261

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THE CITY OF HOOVER, ALABAMA
Property Tax Levies and Collections*
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 Total Tax Collections To Tax Levy</u>
1978	\$ 252,227	\$ 248,363	98.5%	\$ 1,168	\$ 249,531	98.9%
1979	322,435	290,389	90.1	3,899	294,288	91.3
1980	307,398	300,585	97.8	4,597	305,182	99.3
1981	511,955	506,149	98.9	2,736	508,885	99.4
1982	677,381	664,336	98.1	3,333	667,669	98.6
1983	714,276	708,853	99.2	17,004	725,857	101.6
1984	757,461	743,416	98.1	7,915	751,331	99.2
1985	795,568	781,553	98.2	3,438	784,991	98.7
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

Shelby County:

<u>Beginning October 1</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>
1981 (A)	\$ 44,270	\$ 43,823	99.0%
1982	96,336	92,322	95.8
1983	174,915	160,162	91.6
1984	292,169	290,013	99.3
1985	112,638	114,562	101.7
1986	143,242	142,860	99.7
1987	210,662	195,512	92.8

* Unaudited

(A) The City annexed an area in North Shelby County in 1980. Prior to that annexation, the City was located entirely in Jefferson County.

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 <u>October 1</u>	<u>Real Property (A)</u>		<u>Personal Property (A)</u>	
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
1978	\$ 44,745,710	\$310,084,795	\$ 3,160,850	\$15,804,250
1979	42,694,228	325,294,765	2,729,254	13,647,620
1980	52,485,366	380,443,592	7,413,358	37,066,790
1981	71,377,534	513,464,935	8,363,282	41,816,410
1982	73,447,751	539,124,610	8,106,453	40,532,265
1983	75,855,907	552,538,060	8,794,191	43,970,955
1984	78,306,515	568,866,298	8,956,959	44,784,795
1985	111,225,401	808,350,049	11,360,483	56,802,415
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

Located in Shelby County:

1980 (C)	5,210,600	26,053,000	-	-
1981	12,260,860	61,304,300	384,020	1,920,100
1982	11,164,640	55,823,200	13,597,920	67,989,600
1983	12,347,960	61,739,800	30,194,940	150,974,700
1984	14,536,000	72,680,000	500,040	2,500,200
1985	17,668,840	88,344,200	633,180	3,165,900
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

Continued on page 80

* Unaudited

(A) Excludes public utilities and motor vehicles.

(B) Includes real and personal property.

(C) The City annexed an area in North Shelby County in 1980.

Prior to that annexation, the City was located entirely in Jefferson County.

Source: Jefferson and Shelby County Tax Assessors

<u>Public Utility Property(B)</u>		<u>Total</u>		<u>Ratio of Total Assessed to Total Estimated Actual Value</u>
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
\$ 1,525,400	\$ 5,084,667	\$ 49,431,960	\$ 330,973,712	14.9%
1,448,880	4,829,600	46,872,362	343,771,985	13.6
18,257,460	60,858,200	78,156,184	478,368,582	16.3
23,044,740	76,815,800	102,785,556	632,097,145	16.3
29,617,140	98,625,076	111,171,344	678,281,951	16.4
33,097,460	99,292,380	117,747,558	695,801,395	16.9
35,131,660	116,988,420	122,395,134	730,639,513	16.8
36,620,700	121,946,931	159,206,584	987,099,395	16.1
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
1,612,020	8,060,100	6,822,620	34,113,100	20.0
2,193,540	10,967,700	14,838,420	74,192,100	20.0
2,147,500	10,737,500	26,910,060	134,550,300	20.0
2,555,720	12,778,600	45,098,620	225,493,100	20.0
2,292,900	11,464,500	17,328,940	86,644,700	20.0
3,808,220	19,041,100	22,110,240	110,551,200	20.0
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

Continued from page 79

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 General Fund	Jefferson County				State of Alabama	Total Tax
		County	County Schools	School Special	County Total		
1979	\$.50	\$.95	\$.60	\$1.10	\$2.65	\$.65	\$3.80
1980	.65	1.35	.82	1.39	3.56	.65	4.86
1981	.65	1.35	.82	1.39	3.56	.65	4.86
1982	.65	1.35	.82	1.39	3.56	.65	4.86
1983	.65	1.35	.82	1.39	3.56	.65	4.86
1984	.65	1.35	.82	1.39	3.56	.65	4.86
1985	.65	1.35	.82	1.39	3.56	.65	4.86
1986	.65	1.35	.82	1.39	3.56	.65	4.86
1987	.65	1.35	.82	1.39	3.56	.65	4.86
1988	.65	1.35	.82	1.39	3.56	.65	4.86

Shelby County:

Fiscal Year Ended September 30	City of Hoover General Fund	Shelby County			County Total	State of Alabama	Total Tax
		County	County Schools	Hospital			
1982 (A)	\$.65	\$.75	\$1.20	\$.40	\$2.35	\$.65	\$3.65
1983	.65	.75	1.20	.40	2.35	.65	3.65
1984	.65	.75	1.20	.40	2.35	.65	3.65
1985	.65	.75	1.50	.40	2.65	.65	3.95
1986	.65	.75	1.50	.40	2.65	.65	3.95
1987	.65	.75	1.50	.40	2.65	.65	3.95
1988	.65	.75	1.50	.40	2.65	.65	3.95

* Unaudited

(A) The City annexed an area in North Shelby County in 1980. Prior to annexation, the City was located entirely in Jefferson County.

Source: Jefferson and Shelby County Tax Collectors.

THE CITY OF HOOVER, ALABAMA
Principal Taxpayers*
Year ended September 30, 1988

	City Ad Valorem <u>Taxes</u>	Percentage of Total Property Taxes <u>Collected (A)</u>
South Central Bell	\$ 274,790	19.9%
Riverchase Mall Associates	155,402	11.3%
Harbert Equitable Joint Venture	103,452	7.5%
Harbert Companies	92,104	6.7%
Southlake Properties	63,599	4.6%
Metropolitan Life Insurance	62,773	4.5%
Riverchase Gardens, Ltd.	51,982	3.8%
Bell South Corp.	51,013	3.7%
Riverchase Center Associates	47,692	3.5%
ROSC Association Joint Venture	44,777	3.2%
Blue Cross/Blue Shield	42,212	3.1%
Pasta Makers, Inc.	25,527	1.8%
Riverchase Office Plaza	24,174	1.8%
Southwood Park Estates, Inc.	24,095	1.7%
American Hospital Supply Corp.	<u>23,534</u>	<u>1.7%</u>
Total	<u>\$1,087,126</u>	<u>78.8%</u>

* Unaudited

(A) Excludes motor vehicles

Source: Jefferson and Shelby County Tax Collectors.

THE CITY OF HOOVER, ALABAMA
Computation of Legal Debt Margin*
September 30, 1988

Assessed value of property	<u>\$341,716,138</u> (A)
Debt limit - 20 percent of total assessed value	68,343,228
Amount of debt applicable to debt limit	<u>25,996,259</u>
Legal debt margin	<u>\$ 42,346,969</u>

* Unaudited

(A) Includes assessed value of motor vehicles totalling \$22,351,280.

Source: Jefferson County and Shelby County Tax Assessors.

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

<u>Fiscal Year</u>	<u>Federal Census 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>
1979	3,594	\$ 50,079,249	\$ 96,073	.19%	\$ 26.72
1980	19,792	49,431,960	180,553	.37	9.12
1981	19,792	46,872,362	15,000	.03	.76
1982	19,792	84,978,804	-	-	-
1983	19,792	117,623,976	2,375,000	2.02	120.00
1984	19,792	138,081,404	10,925,000	7.91	551.99
1985	19,792	162,846,178	10,775,000	6.62	544.41
1986	19,792	139,724,074	10,275,000	7.35	519.15
1987 (A)	31,319	192,914,341	19,827,146(B)	10.28	633.07
1988	31,319	235,696,242	33,825,596	14.35	1,080.03

* Unaudited

(A) Special census.

(B) Includes short-term notes payable of \$3,650,000 and \$6,000,000.

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>
1979	\$ 43,940	\$ 1,976,905	2.22%
1980	44,200	2,230,227	1.98
1981	51,216	3,007,251	1.70
1982	47,351	4,050,906	1.17
1983	46,626	6,816,770	.68
1984	1,589,970	6,840,250	23.24
1985	1,103,150	9,164,646	12.04
1986	1,432,019	13,847,162	10.34
1987	1,433,623	15,491,001	9.25
1988	2,579,883	19,933,536	12.94

(A) Includes General and Special Revenue Funds.

Source: City annual financial reports.

THE CITY OF HOOVER, ALABAMA
 Computation of Direct and Overlapping Debt*
 September 30, 1988

	<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 long-term debt	\$33,825,596	100.0%	<u>\$33,825,596</u>
Overlapping Debt			
Jefferson County	89,910,733	8.0%	7,192,859
Jefferson County Board of Education	13,870,000	8.0%	1,109,600
Shelby County	28,130,000	9.4%	2,644,220
Shelby County Board of Education	10,903,543	9.4%	<u>1,024,933</u>
Total Overlapping Debt			<u>11,971,612</u>
Total Direct and Overlapping Debt			<u>\$45,797,208</u>

* Unaudited

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>Year</u>	<u>Population</u>	<u>Median Household Income</u> (A)	<u>School Age Individuals</u>	<u>Unemployment Rate</u>
1968	410 (A)	**	**	**
1970	1,393 (A)	\$14,000	483 (A)	5.4% (B) (C)
1973	3,594 (A)	**	**	4.5% (B) (C)
1980	19,792 (A)	30,069	5,031 (A)	2.8% (A) (D)
1983	22,000 (E)	**	**	12.7% (B) (C)
1984	22,500 (E)	**	**	9.8% (B) (C)
1985	30,000 (E)	**	**	6.6% (B) (C)
1986	30,500 (E)	**	**	7.7% (B) (C)
1987	31,319 (A)	**	**	6.7% (B) (C)
1988	34,000 (E)	**	5,300 (F)	5.8% (B) (C)

* Unaudited

** Information not available

(A) Source: Federal census.

(B) Source: State Department of Industrial Relations.

(C) Jefferson County unemployment rate.

(D) City of Hoover unemployment rate.

(E) Estimate by City.

(F) Estimate by City Board of Education.

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

Year	<u>Commercial Construction (A)</u>		<u>Residential Construction (A)</u>		Bank Deposits (B)	Retail Sales (A)(C)
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>		
1979	23	\$1,371,000	58	\$4,069,000	**	\$106,600,000
1980	25	1,756,000	71	4,438,000	\$114,300,000	120,900,000
1981	26	20,528,000	43	2,857,000	126,800,000	173,800,000
1982	40	5,402,000	58	4,055,000	145,300,000	208,500,000
1983	26	4,874,000	692	23,951,000	165,400,000	229,000,000
1984	48	83,901,000	268	19,480,000	185,500,000	292,000,000
1985	19	22,165,000	345	23,085,000	195,300,000	328,400,000
1986	99	55,639,000	287	26,598,308	205,000,000	537,000,000
1987	251	56,108,000	395	35,170,000	223,400,000	698,300,000
1988	194	38,061,643	358	37,592,249	272,976,000	779,020,000

* Unaudited

** Information not available

(A) Source: City records.

(B) Source: Various City banks.

(C) Estimated

THE CITY OF HOOVER, ALABAMA
Miscellaneous Statistical Data*
September 30, 1988

Date of incorporation: May 18, 1967		Recreation:	
Form of government: Mayor-Council (5 members)		Number of parks	9 (E)
Area: 25 square miles (A)		Acres of parks and lakes	163 (E)
Miles of street:		Public safety:	
Paved	400 (A)	Number of fire stations	6
Unpaved	0 (A)	Number of police stations	1
Miles of sewers:		Population:	
Sanitary	110 (A)	1968 federal census (special)	410
Storm	70 (A)	1970 federal census	1,393
Number of City employees:		1973 federal census (special)	3,594
Administrative	19	1980 federal census	19,792
Garage	3	1983 estimate	22,000
Police	89	1984 estimate	22,500
Fire	97	1985 estimate	30,000
Inspection services	8	1986 estimate	30,500
Street and sanitation	23	1987 federal census (special)	31,319
Library	30	1988 estimate	34,000
Recreation	22	Number of housing units:	
Municipal court	3	Owner occupied	10,121
Health	<u>2</u>	Renter occupied	6,686
Total	<u>296</u> (B)	Vacant	<u>840</u>
		Total	<u>17,647</u> (F)
Public schools:		Value of housing units:	
Established - August 29, 1988		Median value	\$98,875 (F)
Enrollment - 5,300 (estimate)		Income:	
Buildings - one high school; one middle school; and five elementary schools		Per capita	\$13,508 (F)
Budget - approximately \$21 million		Family	\$38,376 (F)
Education:		Percentage of population <u>above</u>	
Percentage of high school graduates	91% (C)	poverty level in 1979	96% (C)
Major employers:		Median age	34 (G)
The City's major employers are engaged in service, utilities, retail sales, construction and insurance. (D)			

* Unaudited

- (A) Source: City Engineer (Amounts are approximate).
 (B) Source: City payroll records, September 30, 1988.
 (C) Source: 1980 federal census.
 (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: 1987 federal census (special).