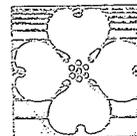


THE CITY OF HOOVER, ALABAMA

Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 1987



HOOVER

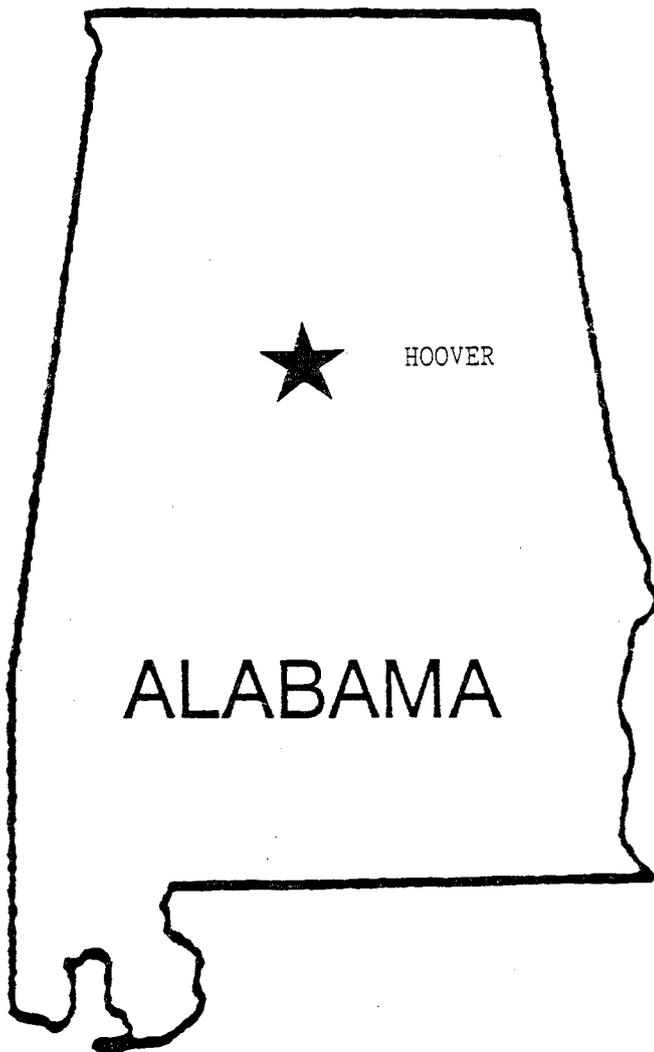
Introductory Section

THE CITY OF HOOVER, ALABAMA
Comprehensive Annual Financial Report
For the Fiscal Year Ended
September 30, 1987

Prepared by:
Office of the Finance Director

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

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 23 square miles and has a population of approximately 32,000.

Officials of the City of Hoover, Alabama

September 30, 1987

Mayor

Frank S. Skinner, Jr.

City Council

William J. Billingsley, President

Faye B. Anderson

David L. Bradley

T.H. Blackmon

Geoffrey E. Huddleston

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 |
| Library | Linda R. Andrews, Director |
| Park and Recreation | James E. Fisher, Director |

Jack H. Harrison
City Attorney

Joel C. Watson
Municipal Judge

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THE CITY OF HOOVER, ALABAMA
Comprehensive Annual Financial Report
 Year Ended September 30, 1987

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**Finance Department
City of Hoover**

1699 MONTGOMERY HIGHWAY
BUILDING ONE HUNDRED
HOOVER, AL 35216
TELEPHONE (205) 978-5500
POST OFFICE BOX 360628
ZIP 35236-0628

Richard K. Smith
Director



Honorable Mayor and Members of
the City Council

The Comprehensive Annual Financial Report of the City of Hoover, Alabama, for the fiscal year ended September 30, 1987, is submitted herewith. This report was prepared from the City's accounting records. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This report is prepared using the pyramid approach to governmental financial reporting prescribed by Statement 1, Governmental Accounting and Financial Reporting Principles, prepared by the National Council on Governmental Accounting (NCGA). By using this approach, the reader is able to obtain a broad overview of the financial position and results of operations of the governmental unit as a whole, prior to proceeding to comparable data on a detailed basis for individual funds.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded Certificates of Conformance in Financial Reporting to The City of Hoover, Alabama for its comprehensive annual financial reports for the fiscal years ended September 30, 1982, 1983 and 1984 and the Certificate of Achievement for Excellence in Financial Reporting for the fiscal years ended September 30, 1985 and 1986.

In order to be awarded a Certificate of Conformance/Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Internal Accounting Controls

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgements by management. We believe that the City's internal accounting controls are adequate.

Budgeting, Budgetary Control and Budgetary Reporting

The City is not required under state or local law to adopt an annual budget for the General Fund and Special Revenue Funds. There is a federal requirement that a budget be prepared for the Federal Revenue Sharing Fund; however, since no Federal Revenue Sharing funds were anticipated for fiscal 1987 no budget was adopted for that fund. The City legally adopts a combined budget for the General Fund and Special Revenue Funds of the City. 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 the 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 generally accepted accounting principles.
7. At the end of the fiscal year, appropriations of the General Fund and Special Revenue Funds automatically lapse.
8. The level of control (the level at which expenditures may not exceed budget) is the fund; however, 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. The budget was amended by the City Council several times during fiscal 1987.

The Reporting Entity and Its Services

For financial reporting purposes, in conformance with National Council on Governmental Accounting (NCGA) Statement 3, Defining the Governmental Reporting Entity, as amplified by NCGA Interpretation 7, Clarification as to the Application of the Criteria in NCGA Statement 3, the City includes all funds and account groups that are controlled by or dependent on the Mayor and the City Council and for which the City has the ability to exercise its oversight responsibility and provides financial and managerial assistance, which influence operations and tend to indicate control by or dependence on the City. Control by or dependence on the City are evidenced through 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.

The associated boards included in these financial statements are the Hoover Library Board and the Hoover Park and Recreation Board.

The Medical Clinic Board of the City of Hoover and The Industrial Development Board of the City of Hoover have been excluded from the financial reporting entity. 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). They are not funded by the City. The City is not obligated to finance any deficits they may incur and the City does not guarantee their indebtedness.

The City provides the following services: public safety (police, fire, and inspection), street maintenance, sanitation, recreation, public library, public improvements, planning and zoning, and general administration. During fiscal 1987 the City did not operate a school system. Students attended county schools.

Explanation of Fund Structure

The financial statements of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are presented in separate financial statements that comprise its assets, liabilities, fund equity, revenues and expenditures (or expenses). Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

Governmental Funds are as follows:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

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.

Proprietary Fund is as follows:

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 (loss) is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Significant Aspects of Financial Operations During the Year

Set forth below is a summary and analysis of the combined operations of the General Fund and Special Revenue Funds of the City for fiscal 1987. This combined presentation is intended to provide insight as to general governmental operations. The Capital Projects Fund has been excluded.

Revenues for general governmental operations totaled \$15,869,034 in the fiscal year ended September 30, 1987, an increase of 29.0% over the previous fiscal year. The amount of revenues and the changes from last year are shown in the following tabulation:

| | <u>Amount</u> | <u>Percent of Total</u> | <u>Amount of Increase or (Decrease) from 1986</u> | <u>Percent of Increase or (Decrease) from 1986</u> |
|-------------------------|---------------------|-----------------------------|---|--|
| <u>Revenues</u> | | | | |
| Sales taxes | \$10,415,505 | 65.6% | \$2,839,041 | 37.5% |
| Business licenses | 2,011,474 | 12.7 | 549,875 | 37.6 |
| Property taxes | 1,269,528 | 8.0 | 282,289 | 28.6 |
| Intergovernmental | 890,915 | 5.6 | 1,516 | .2 |
| Building permits | 619,048 | 3.9 | 178,662 | 40.6 |
| Interest on investments | 158,393 | 1.0 | 36,269 | 29.7 |
| Fines and forfeitures | 255,711 | 1.6 | 48,423 | 23.4 |
| Rental tax | 47,928 | .3 | (2,896) | (5.7) |
| Sale of old city hall | - | - | (390,684) | - |
| All other | 200,532 | 1.3 | 22,311 | 12.5 |
| Total Revenues | <u>\$15,869,034</u> | <u>100.0%</u> | <u>\$3,564,806</u> | 29.0% |

Sales tax revenue comprised 65.6% of the City's total revenue for fiscal 1987. Sales tax revenue increased by \$2,839,041 (37.5%) over fiscal 1986 primarily because of continued commercial growth. Business license receipts in fiscal 1987 were up \$549,875 over fiscal 1986 because of the increased sales volume in fiscal 1987. Revenue from business licenses comprised 12.7% of total revenue of the City.

Property taxes represented 8.0% of City revenues. Property taxes collected during fiscal 1987 were based on property tax assessments on real and personal property as of October 1, 1985 totaling approximately \$181 million. Real and personal property taxes collected and remitted by county tax collectors totalled \$1,154,186 and motor vehicle taxes totaled \$115,342.

Expenditures for current operations of general government totaled \$11,451,426 in fiscal year ended September 30, 1987, an increase of 22.6% over the previous fiscal year. Expenditure levels for major functions of the City and changes from last year are shown in the following tabulation:

| Function | Amount | Percent of Total | Amount of Increase from 1986 | Percent of Increase from 1986 |
|--|---------------------|------------------|------------------------------|-------------------------------|
| General government | \$ 2,069,240 | 18.1% | \$ 317,153 | 18.1% |
| Public safety | 5,935,380 | 51.8 | 957,690 | 19.2 |
| Municipal Court | 90,031 | .8 | 17,419 | 24.0 |
| Streets and sanitation | 2,272,864 | 19.8 | 475,761 | 26.5 |
| Recreation | 491,369 | 4.3 | 239,414 | 95.0 |
| Library | 507,896 | 4.4 | 79,100 | 18.4 |
| Health | 84,646 | .8 | 21,651 | 34.4 |
| Total expenditures related to current operations | 11,451,426 | <u>100.0%</u> | <u>\$2,108,188</u> | 22.6% |
| Capital outlays | 2,605,952 | | | |
| Debt service | 1,433,623 | | | |
| Total expenditures | <u>\$15,491,001</u> | | | |

Expenditures for personal services including salaries, retirement contributions and other employee benefits totaled \$7,288,458 in fiscal 1987, compared to \$5,881,483 in fiscal 1986. This was an increase of \$1,406,975. The increase resulted from a 3% across the board pay increase, merit raises, and the hiring of approximately 29 additional City employees during the year.

The following is an analysis of the increase from the previous year in current operating expenditures by function:

| | Increase (Decrease) in Expenditures Current Operations | | |
|------------------------|--|------------------|--------------------|
| | Personal Services | Other (A) | Total |
| General government | | | |
| Administrative | \$ 168,461 | \$136,604 | \$ 305,065 |
| Municipal garage | 11,979 | 109 | 12,088 |
| Total | <u>180,440</u> | <u>136,713</u> | <u>317,153</u> |
| Public safety | | | |
| Police | 542,782 | 93,040 | 635,822 |
| Fire | 351,279 | (68,680) | 282,599 |
| Inspection services | 44,110 | (4,841) | 39,269 |
| Total | <u>938,171</u> | <u>19,519</u> | <u>957,690</u> |
| Municipal Court | 16,914 | 505 | 17,419 |
| Streets and sanitation | 10,751 | 465,010 | 475,761 |
| Recreation | 143,152 | 96,262 | 239,414 |
| Library | 95,570 | (16,470) | 79,100 |
| Health | 21,977 | (326) | 21,651 |
| Total increases | <u>\$1,406,975</u> | <u>\$701,213</u> | <u>\$2,108,188</u> |

(A) Includes all expenditures for goods and services (other than salaries and fringe benefits).

Capital Outlays From The General Fund

A total of \$2,605,952 was expended from the General Fund for General Fixed Assets during fiscal 1987. Major items included in general capital outlays were as follows:

| <u>Description</u> | <u>Amount</u> |
|---|-------------------------------|
| Improvements - Shades Mountain Community Park | \$1,386,642 |
| Improvements - Ira F. Simmons Jr. High School | 139,888 |
| Improvements - Howard Lake | 271,805 |
| Police Vehicles | 85,573 |
| Fire Vehicles | 248,833 |
| Public Works Paver | 104,871 |
| All Others | <u>368,340</u> |
| Total | <u><u>\$2,605,952</u></u> |

Debt Service

General Fund debt service expenditures during the fiscal year ended September 30, 1987 consisted of the following:

| | |
|---|-------------------------------|
| (A) Principal payment of \$150,000 on \$1,500,000 general obligation warrant and payment of 12 months interest totalling \$99,720 | \$ 249,720 |
| (B) Principal payment of \$375,000 on \$9,575,000 general obligation warrants plus interest totalling \$785,525 | 1,160,525 |
| (C) Interest on \$3,650,000 short-term note payable | <u>23,378</u> |
| Total | <u><u>\$1,433,623</u></u> |

Payments on long-term debt are made from the General Fund. Payments on short-term debt are made from the Fund which receives the loan proceeds.

General Long-Term Debt

General long-term debt at September 30, 1987 consisted of the following:

| | |
|---|------------|
| (A) \$1,500,000 general obligation warrant payable to a trust; dated July 27, 1983; due \$150,000 annually; interest at 9% due monthly | \$ 900,000 |
| (B) \$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 | 8,850,000 |

| | |
|---|---------------------|
| (C) \$500,000 noninterest-bearing Park and Recreation Board bond; dated April 7, 1987; due \$100,000 annually including interest (discount is based on an imputed interest rate of 5.49%) | <u>427,146</u> |
| | <u>\$10,177,146</u> |

The ratio of general obligation debt (including short-term notes payable of \$9,650,000) to assessed valuation is 10.28% and the amount of general obligation debt per capita is \$633.07 (based on the 1987 Special Federal Census population of 31,319).

Overlapping debt of Jefferson and Shelby Counties applicable to the City of Hoover at September 30, 1987 totaled \$9,217,924. The City's legal debt margin is \$27,312,102 at September 30, 1987.

In addition to the general long-term debt presented above, the City has short-term notes payable totalling \$9,650,000 which it intends to convert to long-term debt during fiscal 1988. Additional indebtedness consisting of \$12,150,000 general obligation warrants was authorized by the City Council during fiscal 1987 to finance the construction of the Hoover Metropolitan Stadium. It is anticipated that these warrants will be issued in fiscal 1988. If both transactions had occurred by September 30, 1987, long-term debt would have totalled approximately \$32 million and the City's legal debt margin would have approximated \$15 million.

The City's credit ratings are as follows:

| | |
|---------------------------|----|
| Moody's Investors Service | A |
| Standard and Poor's | A+ |

Cash Management

Cash temporarily idle during the year is invested by the City. City management invests idle cash in bank certificates of deposit, a bank public funds investment account and U.S. government obligations. At September 30, 1987 the City's excess funds were invested at annual rates ranging from 5.25% to 7.061%.

Capital Projects Fund

The Capital Projects Fund described in Explanation of Fund Structure above is presently being used to account for the financial resources and capital expenditures related to the following projects:

- (A) Construction of a stadium and related access roadway, sewer and utilities (See Industrial Park and Stadium below).
- (B) Construction of fire stations.
- (C) Acquisition of land for parks and recreation.
- (D) Architect fees and other preliminary costs related to the construction of a new library.
- (E) Park improvements.

The General Fund has advanced \$2,963,024 to the Capital Projects Fund and the Capital Projects Fund has obtained short-term financing in the amount of \$6,000,000 to partially fund the above mentioned projects. The City intends to issue long-term general obligation warrants in the foreseeable future to retire short-term debt, repay the General Fund advance, and to complete the projects.

Capital Outlays From The Capital Projects Fund

A total of \$5,617,068 was expended from the Capital Projects Fund for General Fixed Assets and infrastructure during fiscal 1987. A summary of these capital outlays is set forth below:

| <u>Description</u> | <u>Amount</u> |
|--|--------------------|
| Stadium and related projects | \$4,877,998 * |
| Fire stations | 100,210 |
| Acquisition of land for parks and recreation | 362,806 |
| Architect fees and other preliminary costs related to new library | 205,497 |
| Park improvements | 70,557 |
| Total | <u>\$5,617,068</u> |

* See Industrial Park and Stadium below.

Construction Commitments

The City has contractual commitments for uncompleted construction at September 30, 1987, as follows:

| <u>General Fund</u> | <u>Remaining Construction Committed</u> |
|-------------------------------------|---|
| Recreation facilities - Howard Lake | \$ 5,000 |
| Improvements - Shades Mountain Park | 186,766 |
| Total | <u>\$ 191,766</u> |
| | |
| <u>Capital Projects Fund</u> | |
| Improvements - Georgetown Lake | \$ 138,254 |
| Fire Station No. 4 | 794,307 |
| Stadium facility | 9,056,313 |
| Industrial Park Infrastructure | |
| Roadway | 847,861 |
| Sewer | 2,084,316 |
| Utilities | 85,000 |
| Total | <u>\$13,006,051</u> |

Industrial Park and Stadium

In February, 1987, the City and its Park Board entered into an agreement with a private sector Joint Venture to develop a light industrial park (Park) in an area to be annexed at the southwestern edge of the City. Under the terms of the agreement the City committed to do the following:

- (A) Purchase 70 acres of land in the Park.
- (B) Construct a multi-purpose stadium on the 70 acre site.
- (C) Partially fund construction of a four lane divided median access road into the Park.
- (D) Share in the cost of developing utility service to and in the Park.
- (E) Construct a sewer system in the Park to be connected to a Jefferson County sewage treatment plant.

To offset the construction cost of the sewer system, the City will receive tap fees from private developments utilizing the system upon completion of the Park. Also, the sewer system will have substantial additional capacity outside the Park which may be sold to further reduce the cost of the project.

The abovementioned property was subsequently annexed to the City. All of the commitments by the City have either been consummated or are under construction as of September 30, 1987.

Further, under the terms of the agreement the Joint Venture donated 40.8 acres of land adjacent to the 70 acres purchased. The land is required to be used for the location of a primary municipal building to be constructed within a ten year period; otherwise, the donated land must be reconveyed to the Joint Venture.

Stadium Lease Agreement

An inducement for the City to enter into the above mentioned agreement was the ability of the Park Board to execute a lease agreement with the Birmingham Baseball Club, Inc. (the Barons) as a tenant for the stadium for the purpose of engaging in professional baseball. The Birmingham Barons, who are members of the Class AA Southern League are a long standing tradition in the Birmingham metropolitan area.

The term of the lease agreement is for a period of 10 years commencing March 15, 1988. The lease provides for an annual lease fee derived from a percentage of revenues earned by the Barons from their various sources including parking, ticket sales, concessions, and lease of skybox space.

Economic Prospects

Hoover is acknowledged as one of the fastest growing cities in the State of Alabama. The city is in the center of the South Jefferson-North Shelby county area which is experiencing unprecedented growth and economic development. Annexation and infill development virtually guarantee that Hoover will be the second largest city, in population if not in land area, in Jefferson County within five years. Hoover can boast of three superlative Planned Unit Developments, the Riverchase Galleria (one of the largest shopping malls in the southeast), the Hoover Metropolitan Stadium, new home of the Birmingham Barons baseball club, a newly-created Hoover Board of Education, and a myriad of excellent residential communities which are home to a well-educated, affluent populace. A growth corridor to the west and southwest holds the promise of continued expansion and development. Though experiencing some normal growth-related problems, Hoover has the leadership, commitment, and resources to continue the delivery of high quality public services to its residents and businesses without anticipating future tax increases for general government support.

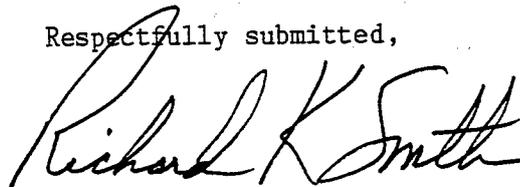
Independent Audit

The State law requires an annual audit to be made of the books of account, financial records and transactions of all administrative departments of the City by a Certified Public Accountant. This requirement has been complied with and the auditor's opinion is included in this report.

Acknowledgements

I appreciate very much the support of the Mayor and City Council. I also wish to thank our accountants, Livings & Company for their assistance in compiling the CAFR.

Respectfully submitted,



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

February 12, 1988

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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, 1986

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.



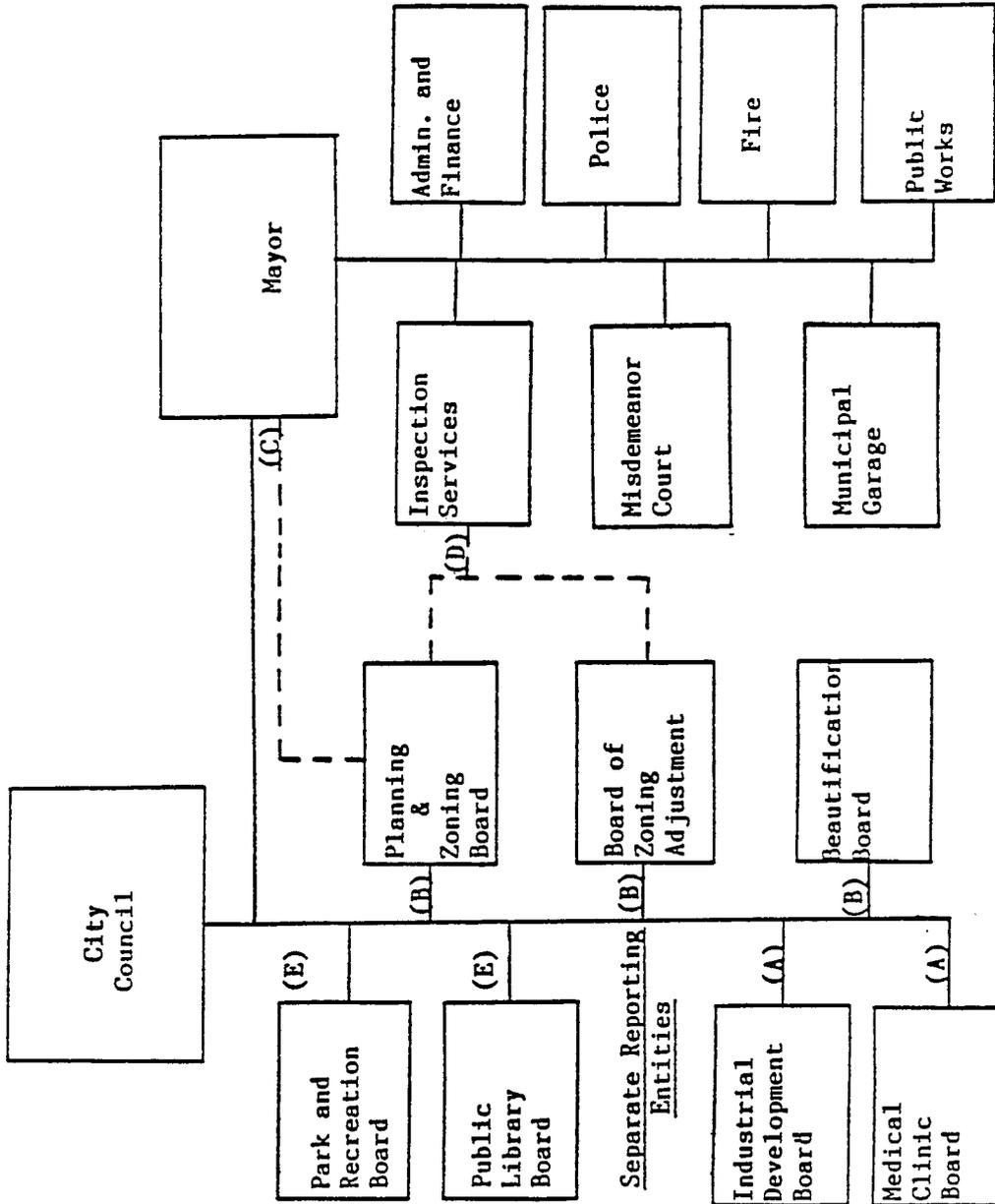
A handwritten signature in cursive script, reading "Paul C. Ellison".

President

A handwritten signature in cursive script, reading "Jeffrey L. Esser".

Executive Director

City of Hoover, Alabama
Organization Chart



- (A) Independent board which is not funded by the City, the members of which are appointed by the City Council.
- (B) Independent board which requires no significant funding, the members of which are appointed by the City Council.
- (C) The Mayor is an ex-officio member of the Planning and Zoning Board.
- (D) Inspector enforces decisions of the Planning and Zoning Board and the Board of Zoning Adjustment.
- (E) Independent Board funded by the City. The Board members are appointed by the City Council.

Financial Section

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Livings & Company

Certified Public Accountants

James H. Livings, CPA
Marion E. Higgins, CPA

910 First Alabama Bank Building
Birmingham, Alabama 35203
(205) 251-3177

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

We have examined the combined financial statements of the City of Hoover, Alabama, and the combining, individual fund and account group financial statements of the city as of and for the years ended September 30, 1987 and 1986 as listed in the table of contents. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the combined financial statements referred to above present fairly the financial position of the City of Hoover, Alabama, at September 30, 1987 and 1986, and the results of its operations and the changes in financial position of its proprietary fund type for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis. Also, in our opinion, the combining, individual fund and account group financial statements referred to above present fairly the financial position of each of the individual funds and account groups of the City of Hoover, Alabama, at September 30, 1987 and 1986 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 applied on a consistent basis.

Our examinations were made for the purpose of forming an opinion on the combined 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 and statistical tables sections in the table of contents is presented for purposes of additional analysis and is not a required part of the combined financial statements of the City of Hoover, Alabama. This information, except those schedules noted as unaudited, has been subjected to the auditing procedures applied in the examination of the combined, combining, individual fund and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Livings & Co.

January 22, 1988, except for footnotes 16 and 17, as to which the date is
February 12, 1988

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COMBINED FINANCIAL STATEMENTS

These statements provide a summary overview of the financial position of all funds and account groups and of the operating results by fund types. They also serve as an introduction to the more detailed statements and schedules that follow. Separate columns are used for each fund type and account group.

THE CITY OF HOOVER, ALABAMA
Combined Balance Sheet
All Fund Types and Account Groups
September 30, 1987

| <u>Assets</u> | Governmental Fund Types | | |
|---|-------------------------|-----------------------------|-----------------------------|
| | General Fund | Special Revenue Funds | Capital Projects Fund |
| Cash | \$ 378,913 | \$ 3,886 | \$ - |
| Investments (Note 1) | 2,399,601 | 278,208 | 5,074,797 |
| Receivables | | | |
| Taxes (Note 3) | 88,787 | - | - |
| Accrued interest | - | - | - |
| Accounts | - | - | - |
| Due from other governments | | | |
| County | - | 159,393 | - |
| State | - | 27,658 | - |
| Federal | - | - | - |
| Due from other funds (Note 7) | 3,014,744 | 105,424 | - |
| Inventory-supplies (Note 1) | - | - | - |
| Fixed assets - net of accumulated depreciation (Notes 1 and 4) | - | - | - |
| Amount to be provided for retirement of general long-term debt | - | - | - |
| Total assets | 5,882,045 | 574,569 | 5,074,797 |
| <u>Liabilities</u> | | | |
| Bank overdraft | - | 19 | 352,965 |
| Accounts payable | 299,534 | - | 1,281,577 |
| Payroll taxes payable | 17,419 | - | - |
| Accrued retirement contribution (Note 9) | - | - | - |
| Due to other funds (Note 7) | 105,424 | 51,720 | 2,963,024 |
| General long-term debt (Note 5) | - | - | - |
| Accrued compensated leave (Note 1) | 657,868 | - | - |
| Accrued interest payable | 23,378 | - | 38,430 |
| Note payable (Note 10) | 3,650,000 | - | 6,000,000 |
| Total liabilities | 4,753,623 | 51,739 | 10,635,996 |
| <u>Fund Equity</u> | | | |
| Contributed capital (Note 8) | - | - | - |
| Investment in general fixed assets | - | - | - |
| Retained earnings (deficit) - unreserved | - | - | - |
| Fund balances (deficit) - unreserved | 1,128,422 | 522,830 | (5,561,199) |
| Total fund equity (deficit) | 1,128,422 | 522,830 | (5,561,199) |
| Total liabilities and fund equity | \$5,882,045 | \$ 574,569 | \$ 5,074,797 |

The accompanying notes are an integral part of this statement.

| Proprietary Fund Type | Account Groups | | Totals (Memorandum Only) | |
|-----------------------|---------------------|---------------------|-----------------------------|---------------------|
| | General | General | 1987 | 1986 |
| | Fixed Assets | Long-Term Debt | | |
| Sewer | | | | |
| Enterprise | | | | |
| Fund | | | | |
| \$ - | \$ - | \$ - | \$ 382,799 | \$ 589,879 |
| 333,224 | - | - | 8,085,830 | 978,443 |
| - | - | - | 88,787 | 755,316 |
| - | - | - | - | 13,901 |
| 19,267 | - | - | 19,267 | 16,885 |
| - | - | - | 159,393 | 125,156 |
| - | - | - | 27,658 | 26,917 |
| - | - | - | - | 20,567 |
| - | - | - | 3,120,168 | 300,537 |
| 4,143 | - | - | 4,143 | 4,000 |
| 2,765,052 | 23,430,973 | - | 26,196,025 | 17,570,418 |
| - | - | 10,177,146 | 10,177,146 | 10,275,000 |
| <u>3,121,686</u> | <u>23,430,973</u> | <u>10,177,146</u> | <u>48,261,216</u> | <u>30,677,019</u> |
| 986 | - | - | 353,970 | - |
| 14,149 | - | - | 1,595,260 | 481,503 |
| - | - | - | 17,419 | 36,085 |
| - | - | - | - | 27,886 |
| - | - | - | 3,120,168 | 300,537 |
| - | - | 10,177,146 | 10,177,146 | 10,275,000 |
| - | - | - | 657,868 | 499,874 |
| - | - | - | 61,808 | - |
| - | - | - | 9,650,000 | - |
| <u>15,135</u> | <u>-</u> | <u>10,177,146</u> | <u>25,633,639</u> | <u>11,620,885</u> |
| 3,500,000 | - | - | 3,500,000 | 3,500,000 |
| - | 23,430,973 | - | 23,430,973 | 14,617,084 |
| (393,449) | - | - | (393,449) | (378,936) |
| - | - | - | (3,909,947) | 1,317,986 |
| <u>3,106,551</u> | <u>23,430,973</u> | <u>-</u> | <u>22,627,577</u> | <u>19,056,134</u> |
| <u>\$3,121,686</u> | <u>\$23,430,973</u> | <u>\$10,177,146</u> | <u>\$48,261,216</u> | <u>\$30,677,019</u> |

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THE CITY OF HOOVER, ALABAMA
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types
 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>1987</u> | <u>1986</u> |
| | Revenues | | | | |
| Taxes | \$11,771,178 | \$ - | \$ - | \$11,771,178 | \$ 8,656,149 |
| Licenses and permits | 2,631,011 | - | - | 2,631,011 | 1,902,237 |
| Intergovernmental | 448,492 | 442,423 | - | 890,915 | 889,399 |
| Fines and forfeitures | 255,711 | - | - | 255,711 | 207,288 |
| Interest on investments | 134,822 | 23,571 | 49,532 | 207,925 | 161,037 |
| Other | 161,826 | - | - | 161,826 | 527,031 |
| Total revenues | <u>15,403,040</u> | <u>465,994</u> | <u>49,532</u> | <u>15,918,566</u> | <u>12,343,141</u> |
| Expenditures | | | | | |
| Current operations | | | | | |
| General government | 2,069,240 | - | - | 2,069,240 | 1,752,087 |
| Public safety | 5,935,380 | - | - | 5,935,380 | 4,977,690 |
| Municipal court | 90,031 | - | - | 90,031 | 72,612 |
| Streets and sanitation | 1,911,902 | 360,962 | - | 2,272,864 | 1,797,103 |
| Recreation | 491,369 | - | - | 491,369 | 251,955 |
| Library | 507,896 | - | - | 507,896 | 428,796 |
| Health | 84,646 | - | - | 84,646 | 62,995 |
| Total | <u>11,090,464</u> | <u>360,962</u> | <u>-</u> | <u>11,451,426</u> | <u>9,343,238</u> |
| Capital outlays | 2,605,952 | - | 5,617,068 | 8,223,020 | 3,688,824 |
| Debt service | 1,433,623 | - | 38,430 | 1,472,053 | 1,432,019 |
| Total expenditures | <u>15,130,039</u> | <u>360,962</u> | <u>5,655,498</u> | <u>21,146,499</u> | <u>14,464,081</u> |
| Excess of revenues over (under) expenditures | 273,001 | 105,032 | (5,605,966) | (5,227,933) | (2,120,940) |
| Other financing sources (uses) | | | | | |
| Operating transfers in | - | - | - | - | 986,097 |
| Operating transfers out | - | - | - | - | (986,097) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | 273,001 | 105,032 | (5,605,966) | (5,227,933) | (2,120,940) |
| Fund balances at beginning of year | <u>855,421</u> | <u>417,798</u> | <u>44,767</u> | <u>1,317,986</u> | <u>3,438,926</u> |
| Fund balances (deficit) at end 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> |

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 Fund Types
Year Ended September 30, 1987

| | <u>General Fund</u> | | |
|---|---------------------|---------------------|---|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
| Revenues | | | |
| Taxes | \$10,316,000 | \$11,771,178 | \$ 1,455,178 |
| Licenses and permits | 2,592,000 | 2,631,011 | 39,011 |
| Intergovernmental | 379,000 | 448,492 | 69,492 |
| Fines and forfeitures | 207,000 | 255,711 | 48,711 |
| Interest on investments | 30,000 | 134,822 | 104,822 |
| Other | <u>86,000</u> | <u>161,826</u> | <u>75,826</u> |
| Total revenues | <u>13,610,000</u> | <u>15,403,040</u> | <u>1,793,040</u> |
| Expenditures | | | |
| Current operations | | | |
| General government | 1,879,800 | 2,069,240 | (189,440) |
| Public safety | 5,521,400 | 5,935,380 | (413,980) |
| Municipal court | 87,700 | 90,031 | (2,331) |
| Streets and sanitation | 1,838,300 | 1,911,902 | (73,602) |
| Recreation | 557,300 | 491,369 | 65,931 |
| Library | 519,400 | 507,896 | 11,504 |
| Health | <u>105,500</u> | <u>84,646</u> | <u>20,854</u> |
| Total | 10,509,400 | 11,090,464 | (581,064) |
| Capital outlays | 659,900 | 2,605,952 | (1,946,052) |
| Debt service | <u>1,585,900</u> | <u>1,433,623</u> | <u>152,277</u> |
| Total expenditures | <u>12,755,200</u> | <u>15,130,039</u> | <u>(2,374,839)</u> |
| Excess of revenues over (under) expenditures | 854,800 | 273,001 | (581,799) |
| Other financing sources (uses): | | | |
| Operating transfers out | <u>(410,000)</u> | <u>-</u> | <u>410,000</u> |
| Excess of revenues over (under) expenditures and other uses | <u>\$ 444,800</u> | 273,001 | <u>\$(171,799)</u> |
| Fund balances at beginning of year | | <u>855,421</u> | |
| Fund balances at end of year | | <u>\$ 1,128,422</u> | |

The accompanying notes are an integral part of this statement.

Special Revenue Fund Types

| Budget | Actual | Variance Favorable (Unfavorable) |
|------------------|------------------|--|
| \$ - | \$ - | \$ - |
| - | - | - |
| 406,000 | 442,423 | 36,423 |
| - | - | - |
| 11,000 | 23,571 | 12,571 |
| - | - | - |
| <u>417,000</u> | <u>465,994</u> | <u>48,994</u> |
| - | - | - |
| - | - | - |
| - | - | - |
| 294,000 | 360,962 | (66,962) |
| - | - | - |
| - | - | - |
| - | - | - |
| <u>294,000</u> | <u>360,962</u> | <u>(66,962)</u> |
| - | - | - |
| - | - | - |
| <u>294,000</u> | <u>360,962</u> | <u>(66,962)</u> |
| 123,000 | 105,032 | (17,968) |
| - | - | - |
| - | - | - |
| <u>\$123,000</u> | 105,032 | <u>\$(17,968)</u> |
| | <u>417,798</u> | |
| | <u>\$522,830</u> | |

THE CITY OF HOOVER, ALABAMA
Statement of Revenues, Expenses and Changes
in Retained Earnings (Deficit) - Proprietary Fund Type -
Sewer Enterprise Fund
Years Ended September 30, 1987 and 1986

| | <u>1987</u> | <u>1986</u> |
|---|--------------------|--------------------|
| Operating revenues | | |
| Charges for services | \$ <u>167,265</u> | \$ <u>160,028</u> |
| Operating expenses | | |
| Depreciation | 197,328 | 197,333 |
| Management fees | 173,397 | 183,095 |
| Utilities | 71,745 | 67,301 |
| Supplies | 3,086 | 4,538 |
| Repairs and maintenance | 34,317 | 23,637 |
| Professional fees | 6,714 | 250 |
| Telephone | 907 | 994 |
| Engineering fees | 1,861 | 6,476 |
| Bank charges | <u>89</u> | <u>78</u> |
| Total operating expenses | <u>489,444</u> | <u>483,702</u> |
| Operating income (loss) | (322,179) | (323,674) |
| Non-operating revenues | | |
| Tap fees | 297,852 | 130,440 |
| Interest | <u>9,814</u> | <u>2,872</u> |
| Total non-operating revenues | <u>307,666</u> | <u>133,312</u> |
| Net income (loss) | (14,513) | (190,362) |
| Retained earnings (deficit) at beginning of year | <u>(378,936)</u> | <u>(188,574)</u> |
| Retained earnings (deficit) at end of year | <u>\$(393,449)</u> | <u>\$(378,936)</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
 Years Ended September 30, 1987 and 1986

| | <u>1987</u> | <u>1986</u> |
|---|--------------------------|------------------------|
| Sources of working capital | | |
| Operations | | |
| Net income (loss) | \$(14,513) | \$(190,362) |
| Item not requiring working capital - depreciation | <u>197,328</u> | <u>197,333</u> |
| Working capital provided by operations | <u>182,815</u> | <u>6,971</u> |
| Uses of working capital | | |
| Additions to sewer treatment plant | <u>9,047</u> | <u>-</u> |
| Net increase in working capital | <u><u>173,768</u></u> | <u><u>6,971</u></u> |
| Elements of net increase in working capital | | |
| Cash | (316) | (33,156) |
| Investments | 292,686 | (107,462) |
| Receivables | 2,382 | 4,685 |
| Inventory - Supplies | 143 | - |
| Due from general fund | (131,487) | 131,487 |
| Due from capital projects fund | (2,304) | 2,304 |
| Accounts payable | 13,650 | (7,400) |
| Due to general fund | - | 16,513 |
| Cash overdraft | <u>(986)</u> | <u>-</u> |
| Net increase in working capital | <u><u>\$ 173,768</u></u> | <u><u>\$ 6,971</u></u> |

The accompanying notes are an integral part of this statement.

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Notes to Financial Statements

THE CITY OF HOOVER, ALABAMA
Notes to Financial Statements
September 30, 1987

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 inspection), street maintenance, sanitation, recreation, public library, public improvements, planning and zoning, and general administrative services.

The accounting policies of the City of Hoover, Alabama conform to generally accepted accounting principles, as applicable to municipal governments. Following is a summary of the most significant policies:

A. Fund Accounting

The financial statements of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are presented in separate financial statements that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent.

Governmental funds are as follows:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

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.

Proprietary fund is as follows:

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.

B. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets located within the City consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

The proprietary fund (sewer enterprise fund) is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet. Its reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. The proprietary fund type operating statement presents increases (revenues) and decreases (expenses) in net total assets.

Depreciation of the sewer treatment plant used by the proprietary fund is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated 15 year useful life of the sewer treatment plant using the straight-line method.

C. Financial Reporting Entity

For financial reporting purposes, in conformance with National Council on Governmental Accounting (NCGA) Statement 3, Defining the Governmental Reporting Entity, as amplified by NCGA Interpretation 7, Clarification as to the Application of the Criteria in NCGA Statement 3, the City includes all funds and account groups that are controlled by or dependent on the Mayor and the City Council and for which the City has the ability to exercise its oversight responsibility and provides financial and managerial assistance, which influence operations and tend to indicate control by or dependence on the City. Control by or dependence on the City are evidenced through 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.

The associated boards included in these financial statements are the Hoover Library Board and the Hoover Park and Recreation Board.

The Medical Clinic Board of the City of Hoover and The Industrial Development Board of the City of Hoover have been excluded from the financial reporting entity. 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). They are not funded by the City. The City is not obligated to finance any deficits they may incur and the City does not guarantee their indebtedness.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer assessed taxes and shared revenues are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The proprietary fund (sewer enterprise fund) is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Inventory in the proprietary fund is valued at the lower of cost (first-in, first-out) or market.

E. Budgeting, Budgetary Control and Budgetary Reporting

The City is not required under state or local law to adopt an annual budget for the General Fund and Special Revenue Funds. There is a federal requirement that a budget be prepared for the Federal Revenue Sharing Fund; however, since no Federal Revenue Sharing funds were anticipated for fiscal 1987 no budget was adopted for that Fund for fiscal 1987. The City legally adopts a combined budget for the General Fund and Special Revenue Funds of the City. A budget is not legally adopted for the Capital Projects Funds.

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 the 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 generally accepted accounting principles.
7. At the end of the fiscal year, appropriations of the General Fund and Special Revenue Funds automatically lapse.
8. The level of control (the level at which expenditures may not exceed budget) is the fund; however, 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. The budget was amended by the City Council several times during fiscal 1987.

F. Encumbrances

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. Appropriations automatically lapse at year end.

G. Bank Deposits and Investments

The City may legally invest in bank certificates of deposit, bank public funds investment accounts and U.S. Treasury obligations. All bank balances in checking accounts and investments in bank certificates of deposit and in the public funds investment account at September 30, 1987, are entirely insured or collateralized with negotiable securities held by the Federal Reserve Bank of Atlanta in the name of the City. The City does not own any U.S. Treasury obligations at September 30, 1987. The investment carrying amounts approximate market value at September 30, 1987. The City held investments as follows at September 30, 1987:

| | |
|--------------------------------------|--------------------|
| Bank certificates of deposit | \$ 30,000 |
| Bank public funds investment account | <u>8,055,830</u> |
| | <u>\$8,085,830</u> |

The City had uncollateralized deposits during the year because of peak cash flows from sales taxes and business licenses. The excess deposits over the amount collateralized was approximately \$315,000. The City subsequently increased collateralization to cover the peak cash flows.

H. Accumulated Unused Compensated Leave

The National Council on Governmental Accounting (NCGA) issued Statement 4, Accounting and Financial Reporting Principles for Claims and Judgements and Compensated Absences, in August, 1982. Statement 4 requires municipalities to comply with the provisions of Financial Accounting Standards Board (FASB) Statement 43, Accounting for Compensated Absences, for fiscal years beginning after December 31, 1982. FASB Statement 43 requires employers to accrue a liability for future compensated absences rather than disclose the liability in notes to financial statements.

Overtime leave and vacation leave are fully vested rights which are an obligation of the City even if an employee resigns or is discharged. Sick leave benefits were previously treated as nonvested rights which terminated if an employee resigned or was discharged. Effective October 1, 1984, the policy was changed retroactively, making one half of each current employee's accumulated sick leave a vested benefit when he or she discontinued employment with the City.

City employees had unused overtime leave, vacation leave and vested sick leave benefits totalling \$657,868 and \$499,874 at September 30, 1987 and 1986, respectively. Accrued compensated leave, which does not exceed a normal year's accumulation, is recorded as a liability of the General Fund.

I. 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.

J. Total Columns on Combined Statements

Total columns on the Combined 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 generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

K. Capitalized interest

Interest costs associated with the construction of certain fixed assets have been capitalized as part of those assets in the General Fixed Assets Account Group.

NOTE 2 Property Tax

Property is assessed and property taxes are collected by Jefferson and Shelby Counties on behalf of the City. Property is assessed and property taxes attach as an enforceable lien on property as of October 1. These property taxes are due and payable October 1 of the subsequent year and are delinquent after January 1. Total assessed value of property within the City approximated \$217 million at October 1, 1986. The City's property tax rate is \$.65 per \$100 of assessed value. This is presently the maximum legal rate.

Property tax revenues are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the accounting period when they become susceptible to accrual; that is, when they are levied. They are considered "available" when they meet the criteria set forth in NCGA Interpretation 3, Revenue Recognition - Property Taxes. "Available" is defined in Interpretation 3 as "... then due, or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period."

Property tax revenues are not normally collected in advance of the year to which they apply. Should this occur, such revenues would be recorded as revenue in the year for which they are levied.

NOTE 3 Receivables - Taxes

A summary of the items included in taxes receivable at September 30, 1987 and 1986 is set forth below:

| | <u>1987</u> | <u>1986</u> |
|--------------|------------------|-------------------|
| Sales tax | \$ 366 | \$ 705,366 |
| Beer tax | 33,805 | 17,685 |
| Property tax | - | 541 |
| Other | <u>54,616</u> | <u>31,724</u> |
| Total | <u>\$ 88,787</u> | <u>\$ 755,316</u> |

Sales tax receivable decreased from the prior year because the City became responsible on October 1, 1986 for collecting its own sales tax previously collected by the State. Therefore, sales tax is recognized as revenue when collected by the City.

NOTE 4 Changes in General Fixed Assets

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

| | Balance September 30, <u>1986</u> | <u>Additions</u> | <u>Deductions</u> | Balance September 30, <u>1987</u> |
|---|---|--------------------|-------------------|---|
| Land | \$3,163,329 | \$3,119,806 | \$ - | \$ 6,283,135 |
| Buildings | 5,755,477 | 33,840 | 136,130 | 5,653,187 |
| Improvements other than buildings | 2,186,460 | 1,943,350 | - | 4,129,810 |
| Equipment and vehicles | 3,419,365 | 835,449 | 281,162 | 3,973,652 |
| Construction in progress | <u>92,453</u> | <u>3,298,736</u> | <u>-</u> | <u>3,391,189</u> |
| Total | <u>\$14,617,084</u> | <u>\$9,231,181</u> | <u>\$ 417,292</u> | <u>\$23,430,973</u> |

Construction in progress at September 30, 1987 consisted of expenditures for new fire stations (\$100,210), the Hoover stadium facility (\$2,993,028, including capitalized interest of \$38,430) and architectural and design fees for a new library (\$297,951).

Proprietary fund type property, plant and equipment at September 30, 1987 and 1986 consisted of:

| | <u>Sewer Enterprise Fund</u> | |
|---------------------------------|----------------------------------|---------------------|
| | <u>1987</u> | <u>1986</u> |
| Land | \$ 536,000 | \$ 536,000 |
| Sewer treatment plant | 2,969,047 | 2,960,000 |
| Total | <u>3,505,047</u> | <u>3,496,000</u> |
| Less - Accumulated depreciation | (739,995) | (542,666) |
| Net | <u>\$ 2,765,052</u> | <u>\$ 2,953,334</u> |

NOTE 5 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, 1987 is as follows:

| | |
|--|---------------------|
| Warrants payable at October 1, 1986 | \$10,275,000 |
| Bond issued | 427,146 |
| Warrants retired | <u>(525,000)</u> |
| Bond and warrants payable at September 30, 1987 | <u>\$10,177,146</u> |

General long-term debt at September 30, 1987 is comprised of the following:

| | |
|--|---------------------|
| (A) \$1,500,000 general obligation warrant payable to a trust; dated July 27, 1983; due \$150,000 annually; interest at 9 percent due monthly | \$ 900,000 |
| (B) \$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 | <u>8,850,000</u> |
| Total general obligation warrants | 9,750,000 |
| (C) \$500,000 noninterest-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>427,146</u> |
| Total general long-term debt | <u>\$10,177,146</u> |

Annual requirements to amortize long-term debt (including related interest) at September 30, 1987:

| Year Ending September 30, | General Obligation Warrants | | Park and Recreation Board Bond | | Total |
|---------------------------------|-----------------------------|--------------------|-----------------------------------|------------------|---------------------|
| | Principal | Interest | Principal | Interest | |
| 1988 | \$ 575,000 | \$ 847,400 | \$ 76,550 | \$ 23,450 | \$ 1,522,400 |
| 1989 | 625,000 | 797,775 | 80,753 | 19,247 | 1,522,775 |
| 1990 | 675,000 | 743,900 | 85,185 | 14,815 | 1,518,900 |
| 1991 | 700,000 | 685,775 | 89,862 | 10,138 | 1,485,775 |
| 1992 | 775,000 | 625,525 | 94,796 | 5,204 | 1,500,525 |
| 1993 | 825,000 | 558,900 | - | - | 1,383,900 |
| 1994 | 750,000 | 492,300 | - | - | 1,242,300 |
| 1995 | 800,000 | 429,300 | - | - | 1,229,300 |
| 1996 | 875,000 | 360,500 | - | - | 1,235,500 |
| 1997 | 950,000 | 283,500 | - | - | 1,233,500 |
| 1998 | 1,050,000 | 198,000 | - | - | 1,248,000 |
| 1999 | 1,150,000 | 103,500 | - | - | 1,253,500 |
| | <u>\$9,750,000</u> | <u>\$6,126,375</u> | <u>\$ 427,146</u> | <u>\$ 72,854</u> | <u>\$16,376,375</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 6 Excess of Actual Expenditures over Budget

General Fund expenditures of \$15,130,039 exceeded appropriations of \$12,755,200. State Seven Cent Gasoline Tax Fund expenditures of \$281,793 exceeded appropriations of \$191,000. These excesses of actual expenditures over budget were primarily the result of capital and other expenditures being authorized by the City Council and made without amending the budget.

NOTE 7 Interfund Balances

Individual fund interfund receivable and payable balances at September 30, 1987 are as follows:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|------------------------------------|----------------------------------|-------------------------------|
| General Fund | \$3,014,744 | \$ 105,424 |
| Special Revenue Funds | | |
| State Seven Cent Gasoline Tax Fund | - | 46,720 |
| State Four Cent Gasoline Tax Fund | 105,424 | - |
| Road and Bridge Tax Fund | - | 5,000 |
| Capital Projects Fund | - | 2,963,024 |
| Total | <u>\$3,120,168</u> | <u>\$3,120,168</u> |

NOTE 8 Sewer Enterprise Fund

The Sewer Enterprise Fund, initiated during the fiscal year ended September 30, 1984 to account for the operations of the sewer treatment plant, is the only proprietary type fund maintained by the City. Segment information required to be disclosed by generally accepted accounting principles is effectively provided by the Sewer Enterprise Fund financial statements presented on pages 2,3,7, and 8.

The sewer treatment plant was financed by general long-term debt. No long-term debt is recorded in the Sewer Enterprise Fund. The plant has been charged as an asset of the Sewer Enterprise Fund with a corresponding credit to contributed capital from the General Fund.

The Sewer Enterprise Fund incurred losses for the fiscal years ended September 30, 1987 and 1986 of \$14,513 and \$190,362, respectively. The Sewer Enterprise Fund has an accumulated deficit of \$393,449 at September 30, 1987. 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 vastly in excess of the sewer treatment plant operating deficit.

NOTE 9 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, 1987 was \$5,752,208; total payroll was \$6,154,404.

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, 1986. 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 \$193,649 at September 30, 1986, as follows:

| | |
|---|--------------------|
| PBO | |
| Accumulated employer and employee contributions, including retirees and beneficiaries, along with investment earnings | \$ 963,818 |
| Present value of vested benefits | <u>912,248</u> |
| Total PBO | 1,876,066 |
| Net assets available for benefits, at cost | <u>1,682,417</u> |
| Unfunded PBO | <u>\$ 193,649.</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 normal contributions and members contributions together with the current 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 1987 of \$658,626 was made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of September 30, 1986. The contribution consisted of \$514,930 of normal cost (9 percent of current covered payroll) and \$143,696 of the unfunded actuarial accrued liability (2.5 percent of current covered payroll). The City contributed \$371,016 (6.45 percent of current covered payroll) and employees contributed \$287,610 (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, 1984, 1985, and 1986, respectively, available assets were sufficient to fund 61.5, 75.3, and 89.7 percent of PBO. Unfunded PBO represented 17.82, 10.79 and 4.15 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, were 6.45 percent of annual covered payroll. 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 in the statistical section of this report on page 47.

NOTE 10 Short-Term Note Payable

The City is directly liable on notes payable in the amounts of \$3,650,000 (General Fund) and \$6,000,000 (Capital Projects Fund), both due August 1, 1988. The interest rate of the notes is 5.49%. The notes represent interim financing for capital outlay expenditures (General Fund) and construction projects (Capital Projects Fund). The City intends to refinance the short-term notes payable with general long-term debt. Since all legal steps have not been taken to refinance these notes payable, they do not meet the criteria set forth in FASB Statement No. 6, Classification of Short-Term Obligations Expected to be Refinanced. If they had met the criteria of FASB Statement No. 6, they would have been included in the General Long-Term Debt Account Group and would have been reported as "other financing sources" in the Statement of Revenue, Expenditures and Changes in Fund Balance. However, since they do not, they are required to be reported as a fund liability in the fund receiving the proceeds.

NOTE 11 Operating Leases

The City of Hoover, at September 30, 1987, does not have leases that should be capitalized pursuant to any of the four criteria listed in FASB Statement 13.

NOTE 12 Commitments

General Fund

The City has contractual commitments for uncompleted construction at September 30, 1987 as follows:

| <u>Project</u> | <u>Remaining Construction Committed</u> |
|--|---|
| Recreation facilities - | |
| Howard Lake | \$ 5,000 |
| Improvements - Shades Mountain Park | <u>186,766</u> |
| Total | <u>\$191,766</u> |

The City has a consulting contract with a corporation to aid in providing services by the City for senior citizens and youth groups. At September 30, 1987 this contract had 4 years remaining at \$25,000 per year.

Capital Projects Fund

The City has contractual commitments for uncompleted construction at September 30, 1987 as follows:

| <u>Project</u> | <u>Remaining Construction Committed</u> |
|--------------------------------|---|
| Improvements - Georgetown Lake | \$ 138,254 |
| Fire Station No.4 | 794,307 |
| Stadium facility | 9,056,313 |
| Industrial park infrastructure | |
| Roadway | 847,861 |
| Sewer | 2,084,316 |
| Utilities | <u>85,000</u> |
| Total | <u>\$13,006,051</u> |

NOTE 13 Grant Contingencies - No Significant Questioned Costs and Limited Disallowance Potential

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

NOTE 14 Joint Venture Industrial Park

The City and its Park Board entered into an agreement with a Joint Venture in February, 1987 for the purpose of developing a light industrial park (Park) on property that was to be annexed by the City. In accordance with the terms of the agreement, the City committed to perform the following:

- a. Purchase 70 acres of land in the Park for \$600,000 (See Note 18).
- b. Construct a multi-purpose stadium on the 70 acre site.
- c. Partially fund construction of a four lane divided median access road into the Park.
- d. Share in the cost of developing utility service to and in the Park. The City is responsible for the first \$200,000 of such costs and 50% of the total costs incurred above \$400,000 (if any).
- e. Construct a sewer system in the Park to be connected to a Jefferson County sewage treatment plant. (To offset the construction cost of this system, the City will receive sewer tap fees from private developers utilizing the system upon completion of the Park.)

Since annexation of the property all of the above agreed upon commitments have either been consummated or are under construction by the City as of September 30, 1987 (See Note 12).

Further, under the terms of the agreement the Joint Venture donated 40.8 acres of land contiguous to the 70 acres purchased. The land is to be used for the construction of a primary municipal building to be constructed within a ten year period; otherwise, the donated land must be reconveyed to the Joint Venture.

An inducement for the City to enter into this agreement was the ability of the Park Board to execute a lease agreement with the Birmingham Baseball Club, Inc. (Barons) as a tenant for the stadium for the purpose of playing professional baseball. The term of the lease agreement is for 10 years commencing March 15, 1988. It provides for an annual lease fee derived from a percentage of revenue earned by the Barons from their various sources of parking, ticket sales, concession sales and lease of skybox space. The lease agreement calls for a periodic review of the annual lease fee. Additionally, if the Barons cease operating a professional baseball team or abandon the stadium and continue to play professional baseball elsewhere, the Barons are required to pay the City \$250,000 annually for each year remaining on the lease after abandonment.

NOTE 15 Subsequent Events

Subsequent events that have occurred since September 30, 1987 and have a significant impact on the City's financial operation are listed below:

- a. On October 5, 1987, the City established an independent board of education to take 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 with start-up costs of the Board of Education, the City has budgeted \$600,000 in the general fund for fiscal 1988 for that purpose.
- b. On October 20, 1987, the City purchased 6.05 acres of land for \$407,204 cash and \$500,000 mortgage notes payable. The mortgage notes payable are due \$100,000 annually, together with interest, at a rate of 9%, thru October 20, 1992. The land is to be utilized for public recreation.
- c. On October 20, 1987, the City executed a contract for the construction of Fire Station 6 at a cost of \$525,600. This station is to be located in the vicinity of Highway 150 and Shades Crest Road on land donated to the City.
- d. On October 20, 1987, the City executed a sewer service agreement to expand its sewer treatment plant to service the increased sewage needs of property annexed by the City. The maximum contract costs to be incurred by the City for this construction is \$750,000. It is anticipated that the City will recover the construction costs through sewer tap fees from use of the sewer treatment plant in the future by the annexed property area.

NOTE 16 Litigation

Seven lawsuits are pending against the City alleging negligence or misconduct. The nature of the lawsuits range from false arrest to wrongful death. All are being defended by the City's liability insurance carriers. In the opinion of the City, potential liability would be limited to the amount of its insurance deductible (\$5,000 per claim).

Other lawsuits pending against the City at September 30, 1987 were as follows:

1. O'Grady vs. City of Hoover - This is a suit filed by two residents of the City challenging (a) the Park and Recreation Board's lease of the stadium presently under construction to the Birmingham Baseball Club, Inc. on the grounds that the City violated Section 94 of the Alabama Constitution as it relates to private enterprise financial gains from public funds and (b) the proposed issuance by the City of general obligation warrants on the theory that these are, in fact, bonds, not warrants, and therefore are required to be approved by the electorate. Following the filing of this suit, a suit was filed on behalf of the City in the form of a bond validation suit as a class action against all the voters in the City. The previous suit filed by O'Grady was consolidated therewith. On June 12, 1987 the trial court ruled in favor of the City. This decision was appealed to the State Supreme Court. On December 31, 1987 the Supreme Court affirmed the trial court holding that the actions of the City were proper in all respects. A motion for a rehearing was filed by the plaintiffs in January, 1988. The motion for rehearing was denied by the Supreme Court on February 12, 1988. This, in effect, ended litigation in favor of the City.
2. Cagle vs. City of Hoover - This is a claim against the City by a garbage contractor in Jefferson County who was operating in the Bluff Park area prior to its annexation by the City. Subsequent to the annexation of this area, the City's garbage contractor began providing service in the area. The plaintiff claims that this constitutes an invasion of her rights. Counsel does not believe that the claim is legally sustainable and should not have a materially adverse effect on the financial position of the City.
3. Whitman vs. City of Hoover - This is a suit by the owner of property adjacent to one of the City's parks. The suit claims that the City trespassed upon his property, installed a road over part of his land, created a nuisance adjacent to his property and other allegations. The City's liability insurance carrier is defending the case but they may not be required to pay any judgment rendered against the City because of the nature of the suit. It is the opinion of Counsel that the City could have a liability in the range of \$20,000 to \$100,000 if a judgment should be rendered against the City.

In addition, various other suits are pending related to administrative decisions by the City. In the opinion of the City and Counsel, unfavorable disposition, if any, would not have a material effect on its financial position.

NOTE 17 General Obligation Warrants

As of September 30, 1987 the City has authorized but not issued \$12,150,000 general obligation warrants to finance construction cost of a stadium. However, because of related litigation (See Note 16) the City has been delayed in the issuance of the general obligation warrants. The City intends to issue the general obligation warrants as planned now that legality of the stadium construction has been upheld.

NOTE 18 Donated Land and Bargain Purchase

The City received 2 parcels of land as donations during the year as follows:

- a. 40.8 acres from a Joint Venture located in a light industrial park to be used by the City for a primary municipal building to be constructed within a ten year period.
- b. 2 acres located near the intersection of Highway 150 and Shades Crest Road to be used by the City for construction of Fire Station No. 6.

These parcels have been independently appraised at \$1,020,000 and \$87,000 respectively, and are included in the General Fixed Asset Account Group at September 30, 1987.

As discussed in Note 14, the City entered into an agreement with a Joint Venture. The agreement required the City to purchase 70 acres of land and required the Joint Venture to donate 40.8 acres of land to the City. The 2 parcels of land are contiguous and the transactions took place simultaneously.

The donated land was subsequently appraised to have a fair market value of \$25,000 per acre. The purchased land was acquired for \$8,571 per acre (\$16,429 per acre below market value). In exchange for this bargain purchase, the City agreed to make improvements to a light industrial park owned by the Joint Venture (in which these 2 parcels of land are also located).

The City has elected to record the market value of the purchased land (\$1,750,000) in the General Fixed Assets Account Group rather than at its acquisition cost (\$600,000).

NOTE 19 Capital Projects Fund - Fund Balance Deficit

The Capital Projects Fund reflects a deficit of \$5,561,199. 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 short-term note expected to be refinanced as long-term debt and advances from the General Fund expected to be repaid.

Combining and Individual Fund Financial Statements

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GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

THE CITY OF HOOVER, ALABAMA
General Fund
Comparative Balance Sheet
September 30, 1987 and 1986

| <u>Assets</u> | <u>1987</u> | <u>1986</u> |
|---|--------------------|--------------------|
| Cash | \$ 378,913 | \$ 581,856 |
| Investments, at cost | 2,399,601 | 270,611 |
| Receivables | | |
| Taxes | 88,787 | 755,316 |
| Accrued interest | - | 813 |
| Due from other funds | | |
| Federal revenue sharing | 46,720 | 27,000 |
| Road and bridge fund | 5,000 | 135,000 |
| Capital projects fund | <u>2,963,024</u> | <u>-</u> |
| Total assets | <u>5,882,045</u> | <u>1,770,596</u> |
| <u>Liabilities and Fund Balance</u> | | |
| Liabilities | | |
| Accounts payable | 299,534 | 215,097 |
| Payroll taxes payable | 17,419 | 36,085 |
| Accrued retirement contribution | - | 27,886 |
| Due to other funds | | |
| Four cent gasoline tax fund | 105,424 | - |
| Seven cent gasoline tax fund | - | 716 |
| Capital projects fund | - | 4,030 |
| Sewer enterprise fund | - | 131,487 |
| Accrued compensated leave | 657,868 | 499,874 |
| Accrued interest payable | 23,378 | - |
| Note payable | <u>3,650,000</u> | <u>-</u> |
| Total liabilities | <u>4,753,623</u> | <u>915,175</u> |
| Fund balance - | | |
| Unreserved | <u>1,128,422</u> | <u>855,421</u> |
| Total liabilities and fund balance | <u>\$5,882,045</u> | <u>\$1,770,596</u> |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
 Year Ended September 30, 1987
 With Comparative Actual Amounts for Year Ended September 30, 1986

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) | <u>1986</u> |
|---|-------------------|---------------------|--|-------------------|
| Revenues | | | | |
| Taxes | \$10,316,000 | \$11,771,178 | \$ 1,455,178 | \$ 8,656,149 |
| Licenses and permits | 2,592,000 | 2,631,011 | 39,011 | 1,902,237 |
| Intergovernmental | 379,000 | 448,492 | 69,492 | 372,624 |
| Fines and forfeitures | 207,000 | 255,711 | 48,711 | 207,288 |
| Interest on investments | 30,000 | 134,822 | 104,822 | 65,353 |
| Other | 86,000 | 161,826 | 75,826 | 527,031 |
| Total revenues | <u>13,610,000</u> | <u>15,403,040</u> | <u>1,793,040</u> | <u>11,730,682</u> |
| Expenditures | | | | |
| Current operations | | | | |
| General government | 1,879,800 | 2,069,240 | (189,440) | 1,752,087 |
| Public safety | 5,521,400 | 5,935,380 | (413,980) | 4,977,690 |
| Municipal court | 87,700 | 90,031 | (2,331) | 72,612 |
| Streets and sanitation | 1,838,300 | 1,911,902 | (73,602) | 1,654,230 |
| Recreation | 557,300 | 491,369 | 65,931 | 251,955 |
| Library | 519,400 | 507,896 | 11,504 | 428,796 |
| Health | 105,500 | 84,646 | 20,854 | 62,995 |
| Total | <u>10,509,400</u> | <u>11,090,464</u> | <u>(581,064)</u> | <u>9,200,365</u> |
| Capital outlays | 659,900 | 2,605,952 | (1,946,052) | 1,961,415 |
| Debt service | <u>1,585,900</u> | <u>1,433,623</u> | <u>152,277</u> | <u>1,432,019</u> |
| Total expenditures | <u>12,755,200</u> | <u>15,130,039</u> | <u>(2,374,839)</u> | <u>12,593,799</u> |
| Excess of revenues over (under) expenditures | 854,800 | 273,001 | (581,799) | (863,117) |
| Other financing sources (uses) | | | | |
| Operating transfers out | <u>(410,000)</u> | <u>-</u> | <u>410,000</u> | <u>(986,097)</u> |
| Excess of revenues over (under) expenditures and other uses | <u>\$ 444,800</u> | 273,001 | <u>\$(171,799)</u> | (1,849,214) |
| Fund balance at beginning of year | | <u>855,421</u> | | <u>2,704,635</u> |
| Fund balance at end of year | | <u>\$ 1,128,422</u> | | <u>\$ 855,421</u> |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
General Fund
Schedule of Current Expenditures
Budget and Actual
Year Ended September 30, 1987
With Comparative Actual Amounts for Year Ended September 30, 1986

| <u>Expenditures - Current Operations</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> | <u>1986 Actual</u> |
|--|------------------|------------------|---|------------------------|
| General government | | | | |
| Administrative | | | | |
| Personal services | \$ 539,500 | \$ 558,994 | \$(19,494) | \$ 390,533 |
| Other | <u>1,250,900</u> | <u>1,430,324</u> | <u>(179,424)</u> | <u>1,293,720</u> |
| Total | <u>1,790,400</u> | <u>1,989,318</u> | <u>(198,918)</u> | <u>1,684,253</u> |
| Municipal garage | | | | |
| Personal services | 77,600 | 65,650 | 11,950 | 53,671 |
| Other | <u>11,800</u> | <u>14,272</u> | <u>(2,472)</u> | <u>14,163</u> |
| Total | <u>89,400</u> | <u>79,922</u> | <u>9,478</u> | <u>67,834</u> |
| Total general government | <u>1,879,800</u> | <u>2,069,240</u> | <u>(189,440)</u> | <u>1,752,087</u> |
| Public safety | | | | |
| Police | | | | |
| Personal services | 2,090,000 | 2,304,622 | (214,622) | 1,761,840 |
| Other | <u>299,500</u> | <u>317,359</u> | <u>(17,859)</u> | <u>224,319</u> |
| Total | <u>2,389,500</u> | <u>2,621,981</u> | <u>(232,481)</u> | <u>1,986,159</u> |
| Fire | | | | |
| Personal services | 2,652,500 | 2,850,001 | (197,501) | 2,498,722 |
| Other | <u>223,000</u> | <u>191,432</u> | <u>31,568</u> | <u>260,112</u> |
| Total | <u>2,875,500</u> | <u>3,041,433</u> | <u>(165,933)</u> | <u>2,758,834</u> |
| Inspection services | | | | |
| Personal services | 224,400 | 241,187 | (16,787) | 197,077 |
| Other | <u>32,000</u> | <u>30,779</u> | <u>1,221</u> | <u>35,620</u> |
| Total | <u>256,400</u> | <u>271,966</u> | <u>(15,566)</u> | <u>232,697</u> |
| Total public safety | <u>5,521,400</u> | <u>5,935,380</u> | <u>(413,980)</u> | <u>4,977,690</u> |
| Municipal court | | | | |
| Municipal court | | | | |
| Personal services | 71,800 | 78,507 | (6,707) | 61,593 |
| Other | <u>15,900</u> | <u>11,524</u> | <u>4,376</u> | <u>11,019</u> |
| Total municipal court | <u>87,700</u> | <u>90,031</u> | <u>(2,331)</u> | <u>72,612</u> |
| Streets and sanitation | | | | |
| Streets and sanitation | | | | |
| Personal services | 268,200 | 320,635 | (52,435) | 500,884 |
| Other | <u>1,570,100</u> | <u>1,591,267</u> | <u>(21,167)</u> | <u>1,153,346</u> |
| Total streets and sanitation | <u>1,838,300</u> | <u>1,911,902</u> | <u>(73,602)</u> | <u>1,654,230</u> |

Continued on Page 27

The accompanying notes are an integral part of this schedule.

THE CITY OF HOOVER, ALABAMA
General Fund (Cont'd)
Schedule of Current Expenditures
Budget and Actual
 Year Ended September 30, 1987
 With Comparative Actual Amounts for Year Ended September 30, 1986

| <u>Expenditures - Current Operations</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> | <u>1986 Actual</u> |
|---|---------------------|---------------------|---|------------------------|
| Recreation | | | | |
| Parks | | | | |
| Personal services | \$ 379,600 | \$ 306,450 | \$ 73,150 | \$ 163,298 |
| Other | 177,700 | 184,919 | (7,219) | 88,657 |
| Total recreation | <u>557,300</u> | <u>491,369</u> | <u>65,931</u> | <u>251,955</u> |
| Library | | | | |
| Library | | | | |
| Personal services | 352,400 | 349,435 | 2,965 | 253,865 |
| Other | 167,000 | 158,461 | 8,539 | 174,931 |
| Total library | <u>519,400</u> | <u>507,896</u> | <u>11,504</u> | <u>428,796</u> |
| Health | | | | |
| Health | | | | |
| Personal services | 32,900 | 21,977 | 10,923 | - |
| Other | 72,600 | 62,669 | 9,931 | 62,995 |
| Total health | <u>105,500</u> | <u>84,646</u> | <u>20,854</u> | <u>62,995</u> |
| Total expenditures- current operations | <u>\$10,509,400</u> | <u>\$11,090,464</u> | <u>\$(581,064)</u> | <u>\$9,200,365</u> |

Continued from Page 26

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, 1987
With Comparative Totals for September 30, 1986

| <u>Assets</u> | <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>1987</u> | <u>1986</u> |
| Cash | \$ 2,192 | \$ 70 | \$ - | \$ 1,624 | \$ 3,886 | \$ 7,686 |
| Investments, at cost | 163,650 | 56,886 | 57,672 | - | 278,208 | 524,147 |
| Receivable-accrued interest | - | - | - | - | - | 13,088 |
| Due from other governments: | | | | | | |
| County | - | - | - | 159,393 | 159,393 | 125,156 |
| State | - | 18,212 | 9,446 | - | 27,658 | 26,917 |
| Federal | - | - | - | - | - | 20,567 |
| Due from general fund | - | - | 105,424 | - | 105,424 | 716 |
| Total assets | <u>165,842</u> | <u>75,168</u> | <u>172,542</u> | <u>161,017</u> | <u>574,569</u> | <u>718,277</u> |
| <u>Liabilities and Fund Balances</u> | | | | | | |
| Liabilities | | | | | | |
| Bank overdraft | - | - | 19 | - | 19 | - |
| Accounts payable | - | - | - | - | - | 138,479 |
| Due to general fund | - | 46,720 | - | 5,000 | 51,720 | 162,000 |
| Total liabilities | <u>-</u> | <u>46,720</u> | <u>19</u> | <u>5,000</u> | <u>51,739</u> | <u>300,479</u> |
| Fund balances - | | | | | | |
| Unreserved | 165,842 | 28,448 | 172,523 | 156,017 | 522,830 | 417,798 |
| Total liabilities and fund balances | <u>\$165,842</u> | <u>\$ 75,168</u> | <u>\$172,542</u> | <u>\$161,017</u> | <u>\$574,569</u> | <u>\$718,277</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
 Year Ended September 30, 1987
 With Comparative Totals for Year Ended September 30, 1986

| | Federal Revenue Sharing | State Seven Cent Gasoline Tax | State Four Cent Gasoline Tax | County Road and Bridge Tax | Totals | |
|---|-------------------------------|-------------------------------------|------------------------------------|-------------------------------------|-------------------|-------------------|
| | | | | | 1987 | 1986 |
| Revenues | | | | | | |
| Intergovernmental | \$ 2,036 | \$185,532 | \$ 95,462 | \$159,393 | \$ 442,423 | \$ 516,775 |
| Interest on investments | <u>10,463</u> | <u>4,175</u> | <u>8,844</u> | <u>89</u> | <u>23,571</u> | <u>56,771</u> |
| Total revenues | <u>12,499</u> | <u>189,707</u> | <u>104,306</u> | <u>159,482</u> | <u>465,994</u> | <u>573,546</u> |
| Expenditures | | | | | | |
| Current operations | | | | | | |
| Streets and sanitation | | 191,000 | - | - | 191,000 | - |
| Personal services | - | 90,793 | 79,169 | - | 169,962 | 142,873 |
| Other | - | 281,793 | 79,169 | - | 360,962 | 142,873 |
| Total | - | - | - | - | - | 1,110,490 |
| Capital outlays | - | - | - | - | - | 1,253,363 |
| Total expenditures | - | <u>281,793</u> | <u>79,169</u> | - | <u>360,962</u> | |
| Excess of revenues over (under) expenditures | 12,499 | (92,086) | 25,137 | 159,482 | 105,032 | (679,817) |
| Other financing sources | | | | | | |
| Operating transfers in | - | - | - | - | - | 535,255 |
| Excess of revenues and other sources over (under) expenditures | 12,499 | (92,086) | 25,137 | 159,482 | 105,032 | (144,562) |
| Fund balances (deficit) at beginning of year | <u>153,343</u> | <u>120,534</u> | <u>147,386</u> | <u>(3,465)</u> | <u>417,798</u> | <u>562,360</u> |
| Fund balances at end 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> |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
Federal Revenue Sharing Fund
Comparative Balance Sheet
 September 30, 1987 and 1986

| <u>Assets</u> | <u>1987</u> | <u>1986</u> |
|---------------------------------------|------------------|------------------|
| Cash | \$ 2,192 | \$ 62 |
| Investments, at cost | 163,650 | 153,170 |
| Receivable - accrued interest | - | 6,544 |
| Due from federal government | <u>-</u> | <u>20,567</u> |
| Total assets | <u>165,842</u> | <u>180,343</u> |
| <u>Liabilities and Fund Balance</u> | | |
| Liabilities | | |
| Due to general fund | <u>-</u> | <u>27,000</u> |
| Total liabilities | <u>-</u> | <u>27,000</u> |
| Fund balance - Unreserved | <u>165,842</u> | <u>153,343</u> |
| Total liabilities and fund balance | <u>\$165,842</u> | <u>\$180,343</u> |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
Federal Revenue Sharing Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended September 30, 1987
With Comparative Actual Amounts for Year Ended September 30, 1986

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> | <u>1986 Actual</u> |
|---|---------------|------------------|---|------------------------|
| Revenues | | | | |
| Intergovernmental | \$ - | \$ 2,036 | \$ 2,036 | \$114,057 |
| Interest on investments | <u>-</u> | <u>10,463</u> | <u>10,463</u> | <u>14,490</u> |
| Total revenues | <u>-</u> | <u>12,499</u> | <u>12,499</u> | <u>128,547</u> |
| Expenditures | | | | |
| Capital outlays | <u>-</u> | <u>-</u> | <u>-</u> | <u>126,039</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>126,039</u> |
| Excess of revenues over (under) expenditures | <u>\$ -</u> | 12,499 | <u>\$12,499</u> | 2,508 |
| Fund balance at beginning of year | | <u>153,343</u> | | <u>150,835</u> |
| Fund balance at end of year | | <u>\$165,842</u> | | <u>\$153,343</u> |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
State Seven Cent Gasoline Tax Fund
Comparative Balance Sheet
 September 30, 1987 and 1986

| <u>Assets</u> | <u>1987</u> | <u>1986</u> |
|-------------------------------------|------------------|------------------|
| Cash | \$ 70 | \$ 3,541 |
| Investments, at cost | 56,886 | 235,881 |
| Due from state government | 18,212 | 17,655 |
| Due from general fund | <u>-</u> | <u>716</u> |
| Total assets | <u>75,168</u> | <u>257,793</u> |
| <u>Liabilities and Fund Balance</u> | | |
| Liabilities | | |
| Due to general fund | 46,720 | - |
| Accounts payable | <u>-</u> | <u>137,259</u> |
| Total liabilities | <u>46,720</u> | <u>137,259</u> |
| Fund balance - Unreserved | <u>28,448</u> | <u>120,534</u> |
| Total liabilities and fund balance | <u>\$ 75,168</u> | <u>\$257,793</u> |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
State Seven Cent Gasoline Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended September 30, 1987
With Comparative Actual Amounts for Year Ended September 30, 1986

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> | <u>1986 Actual</u> |
|---|----------------|------------------|---|------------------------|
| Revenues | | | | |
| Intergovernmental | \$186,000 | \$185,532 | \$(468) | \$177,116 |
| Interest on investments | <u>5,000</u> | <u>4,175</u> | <u>(825)</u> | <u>13,244</u> |
| Total revenues | <u>191,000</u> | <u>189,707</u> | <u>(1,293)</u> | <u>190,360</u> |
| Expenditures | | | | |
| Current operations | | | | |
| Streets and sanitation | | | | |
| Personal services | 191,000 | 191,000 | - | - |
| Other | - | <u>90,793</u> | <u>(90,793)</u> | <u>93,207</u> |
| Total | <u>191,000</u> | <u>281,793</u> | <u>(90,793)</u> | <u>93,207</u> |
| Capital outlays | - | - | - | <u>300,094</u> |
| Total expenditures | <u>191,000</u> | <u>281,793</u> | <u>(90,793)</u> | <u>393,301</u> |
| Excess of revenues over (under) expenditures | <u>\$ -</u> | (92,086) | <u>\$(92,086)</u> | (202,941) |
| Fund balance at beginning of year | | <u>120,534</u> | | <u>323,475</u> |
| Fund balance at end of year | | <u>\$ 28,448</u> | | <u>\$120,534</u> |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
State Four Cent Gasoline Tax Fund
Comparative Balance Sheet
 September 30, 1987 and 1986

| <u>Assets</u> | <u>1987</u> | <u>1986</u> |
|---|-------------------------|-------------------------|
| Cash | \$ - | \$ 2,728 |
| Investments, at cost | 57,672 | 130,072 |
| Receivable - accrued interest | - | 6,544 |
| Due from state government | 9,446 | 9,262 |
| Due from general fund | <u>105,424</u> | <u>-</u> |
| Total assets | <u><u>172,542</u></u> | <u><u>148,606</u></u> |
| <u>Liabilities and Fund Balance</u> | | |
| Liabilities | | |
| Bank overdraft | 19 | - |
| Accounts payable | <u>-</u> | <u>1,220</u> |
| Total liabilities | <u>19</u> | <u>1,220</u> |
| Fund balance - Unreserved | <u>172,523</u> | <u>147,386</u> |
| Total liabilities and fund balance | <u><u>\$172,542</u></u> | <u><u>\$148,606</u></u> |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
State Four Cent Gasoline Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
 Year Ended September 30, 1987
 With Comparative Actual Amounts for Year Ended September 30, 1986

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> | <u>1986 Actual</u> |
|---|----------------|------------------|---|------------------------|
| Revenues | | | | |
| Intergovernmental | \$100,000 | \$ 95,462 | \$(4,538) | \$100,446 |
| Interest on investments | <u>3,000</u> | <u>8,844</u> | <u>5,844</u> | <u>8,556</u> |
| Total revenues | <u>103,000</u> | <u>104,306</u> | <u>1,306</u> | <u>109,002</u> |
| Expenditures | | | | |
| Current operations | | | | |
| Streets and sanitation | - | - | - | - |
| Personal services | - | - | - | - |
| Other | <u>103,000</u> | <u>79,169</u> | <u>23,831</u> | <u>49,666</u> |
| Total expenditures | <u>103,000</u> | <u>79,169</u> | <u>23,831</u> | <u>49,666</u> |
| Excess of revenues over (under) expenditures | <u>\$ -</u> | 25,137 | <u>\$ 25,137</u> | 59,336 |
| Fund balance at beginning of year | | <u>147,386</u> | | <u>88,050</u> |
| Fund balance at end of year | | <u>\$172,523</u> | | <u>\$147,386</u> |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
County Road and Bridge Tax Fund
Comparative Balance Sheet
 September 30, 1987 and 1986

| <u>Assets</u> | <u>1987</u> | <u>1986</u> |
|-------------------------------------|------------------|------------------|
| Cash | \$ 1,624 | \$ 1,355 |
| Investments, at cost | - | 5,024 |
| Due from county government | <u>159,393</u> | <u>125,156</u> |
| Total assets | <u>161,017</u> | <u>131,535</u> |
| | | |
| <u>Liabilities and Fund Balance</u> | | |
| Liabilities | | |
| Due to general fund | <u>5,000</u> | <u>135,000</u> |
| Total liabilities | 5,000 | 135,000 |
| Fund balance (deficit) - Unreserved | <u>156,017</u> | <u>(3,465)</u> |
| Total liabilities and fund balance | <u>\$161,017</u> | <u>\$131,535</u> |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
County Road and Bridge Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended September 30, 1987
With Comparative Actual Amounts for Year Ended September 30, 1986

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> | <u>1986 Actual</u> |
|--|-------------------|-------------------|---|------------------------|
| <u>Revenues</u> | | | | |
| Intergovernmental | \$ 120,000 | \$ 159,393 | \$ 39,393 | \$ 125,156 |
| Interest on investments | <u>3,000</u> | <u>89</u> | <u>(2,911)</u> | <u>20,481</u> |
| Total revenues | <u>123,000</u> | <u>159,482</u> | <u>36,482</u> | <u>145,637</u> |
| <u>Expenditures</u> | | | | |
| Capital outlays | <u>-</u> | <u>-</u> | <u>-</u> | <u>684,357</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>684,357</u> |
| Excess of revenues over (under) expenditures | <u>123,000</u> | <u>159,482</u> | <u>36,482</u> | <u>(538,720)</u> |
| <u>Other financing sources</u> | | | | |
| Operating transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>535,255</u> |
| Excess of revenues and other sources over (under) expenditures | <u>\$ 123,000</u> | 159,482 | <u>\$ 36,482</u> | (3,465) |
| Fund balance (deficit) at beginning of year | | <u>(3,465)</u> | | <u>-</u> |
| Fund balance (deficit) at end of year | | <u>\$ 156,017</u> | | <u>\$(3,465)</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 Sheet
 September 30, 1987 and 1986

| <u>Assets</u> | <u>1987</u> | <u>1986</u> |
|-------------------------------------|----------------------------|--------------------------|
| Cash | \$ - | \$ 21 |
| Investments, at cost | 5,074,797 | 143,147 |
| Due from general fund | <u>-</u> | <u>4,030</u> |
| Total assets | <u><u>5,074,797</u></u> | <u><u>147,198</u></u> |
| <u>Liabilities and Fund Balance</u> | | |
| Liabilities | | |
| Bank overdraft | 352,965 | - |
| Accounts payable | 1,281,577 | 100,127 |
| Accrued interest payable | 38,430 | - |
| Note payable | 6,000,000 | - |
| Due to sewer fund | - | 2,304 |
| Due to general fund | <u>2,963,024</u> | <u>-</u> |
| Total liabilities | 10,635,996 | 102,431 |
| Fund balance (deficit) - Unreserved | <u>(5,561,199)</u> | <u>44,767</u> |
| Total liabilities and fund balance | <u><u>\$ 5,074,797</u></u> | <u><u>\$ 147,198</u></u> |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
Capital Projects Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
 Years Ended September 30, 1987 and 1986

| | <u>1987</u> | <u>1986</u> |
|---|---------------|-------------|
| Revenues | | |
| Interest on investments | \$ 49,532 | \$ 38,913 |
| Expenditures | | |
| Capital outlays | | |
| Municipal center | - | 615,599 |
| Public works facility | - | 1,320 |
| Park facilities | 70,557 | - |
| Stadium facility | 2,954,598 | - |
| Industrial park infrastructure | 1,923,400 | - |
| Fire stations | 100,210 | - |
| Library | 205,497 | - |
| Land acquisition | 362,806 | - |
| Total | 5,617,068 | 616,919 |
| Debt service | 38,430 | - |
| Total expenditures | 5,655,498 | 616,919 |
| Excess of revenues over (under) expenditures | (5,605,966) | (578,006) |
| Other financing sources | | |
| Operating transfer in | - | 450,842 |
| Excess of revenues and other sources over (under) expenditures | (5,605,966) | (127,164) |
| Fund balance at beginning of year | 44,767 | 171,931 |
| Fund balance (deficit) at end of year | \$(5,561,199) | \$ 44,767 |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
Capital Projects Fund
Project-Length Schedule of Construction Projects
 Beginning of Projects to September 30, 1987

| | |
|---------------------------------------|--------------------|
| Revenues and other financial sources | |
| Proceeds of short term note payable | \$6,000,000 |
| Advances from general fund | 2,963,024 |
| Operating transfers from general fund | 92,453 |
| Interest on investments | <u>49,532</u> |
| Total | <u>9,105,009</u> |
| Expenditures - capital outlays | |
| Stadium facility | 2,993,028 |
| Industrial park infrastructure | 1,923,400 |
| Land acquisition | 362,806 |
| Library | 297,951 |
| Fire stations | 100,210 |
| Park facilities | <u>70,557</u> |
| Total | <u>\$5,747,952</u> |

The accompanying notes are an integral part of this statement.

ENTERPRISE FUND

The Sewer Enterprise Fund accounts for the sewer services to the Riverchase Community. All activities necessary to provide such services are accounted for in this fund.

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THE CITY OF HOOVER, ALABAMA
Sewer Enterprise Fund
Comparative Balance Sheet*
 September 30, 1987 and 1986

| <u>Assets</u> | <u>1987</u> | <u>1986</u> |
|---|--------------------|--------------------|
| Current assets | | |
| Cash | \$ - | \$ 316 |
| Investments, at cost | 333,224 | 40,538 |
| Sewer service charges receivable | 19,267 | 16,885 |
| Due from general fund | - | 131,487 |
| Due from capital projects fund | - | 2,304 |
| Inventory - supplies, at cost | <u>4,143</u> | <u>4,000</u> |
| Total current assets | <u>356,634</u> | <u>195,530</u> |
| Property, plant and equipment | | |
| Land | 536,000 | 536,000 |
| Sewer treatment plant | <u>2,969,047</u> | <u>2,960,000</u> |
| Total property, plant and equipment | 3,505,047 | 3,496,000 |
| Less accumulated depreciation | <u>(739,995)</u> | <u>(542,666)</u> |
| Net property, plant and equipment | <u>2,765,052</u> | <u>2,953,334</u> |
| Total assets | <u>3,121,686</u> | <u>3,148,864</u> |
| <u>Liabilities and Fund Balance</u> | | |
| Current liabilities | | |
| Bank overdraft | 986 | - |
| Accounts payable | <u>14,149</u> | <u>27,800</u> |
| Total current liabilities | <u>15,135</u> | <u>27,800</u> |
| Fund balance | | |
| Contributed capital from general fund | 3,500,000 | 3,500,000 |
| Retained earnings (deficit) - unreserved | <u>(393,449)</u> | <u>(378,936)</u> |
| Total fund balance | <u>3,106,551</u> | <u>3,121,064</u> |
| Total liabilities and fund balance | <u>\$3,121,686</u> | <u>\$3,148,864</u> |

* A comparative statement of revenues, expenses and changes in retained earnings (deficit) for the Sewer Enterprise Fund is presented on page 7 of this report. A comparative statement of changes in financial position for the Sewer Enterprise Fund is presented on page 8.

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 Statement of General Fixed Assets
By Sources
September 30, 1987 and 1986

| | <u>1987</u> | <u>1986</u> |
|--|----------------------------|----------------------------|
| General Fixed Assets | | |
| Land | \$ 6,283,135 | \$ 3,163,329 |
| Buildings | 5,653,187 | 5,755,477 |
| Improvements other than buildings | 4,129,810 | 2,186,460 |
| Equipment and vehicles | 3,973,652 | 3,419,365 |
| Construction in progress | <u>3,391,189</u> | <u>92,453</u> |
| Total general fixed assets | <u><u>23,430,973</u></u> | <u><u>14,617,084</u></u> |
| Investment in General Fixed Assets From | | |
| Park and recreation board bond | 427,146 | - |
| General obligation warrants | 7,895,214 | 7,895,214 |
| Federal grants | 1,256,344 | 1,256,344 |
| Proceeds of short term note payable | 1,023,021 | - |
| General revenues | 9,842,423 | 4,735,701 |
| Donations and annexations | <u>2,986,825</u> | <u>729,825</u> |
| Total investment in general fixed assets | <u><u>\$23,430,973</u></u> | <u><u>\$14,617,084</u></u> |

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA
Schedule of General Fixed Assets
by Function and Activity
 September 30, 1987

| <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 | \$ 6,961,361 | \$2,176,056 | \$4,305,180 | \$ - | \$ 480,125 |
| Municipal garage | 286,370 | - | 254,493 | - | 31,877 |
| Total general government | <u>7,247,731</u> | <u>2,176,056</u> | <u>4,559,673</u> | <u>-</u> | <u>512,002</u> |
| Public safety: | | | | | |
| Police | 794,274 | - | - | - | 794,274 |
| Fire | 2,676,207 | 384,677 | 532,872 | - | 1,758,658 |
| Inspection | 65,404 | - | - | - | 65,404 |
| Total public safety | <u>3,535,885</u> | <u>384,677</u> | <u>532,872</u> | <u>-</u> | <u>2,618,336</u> |
| Municipal court | <u>1,211</u> | - | - | - | <u>1,211</u> |
| Streets and sanitation | <u>1,124,176</u> | - | 508,985 | - | <u>615,191</u> |
| Recreation | <u>8,040,863</u> | <u>3,722,402</u> | <u>51,657</u> | <u>4,129,810</u> | <u>136,994</u> |
| Library | <u>71,404</u> | - | - | - | <u>71,404</u> |
| Health | <u>18,514</u> | - | - | - | <u>18,514</u> |
| Total General Fixed Assets Allocated to Functions | 20,039,784 | <u>\$6,283,135</u> | <u>\$5,653,187</u> | <u>\$4,129,810</u> | <u>\$3,973,652</u> |
| Construction in progress | <u>3,391,189</u> | | | | |
| Total General Fixed Assets | <u>\$23,430,973</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
 Year Ended September 30, 1987

| <u>Function and Activity</u> | General Fixed Assets October 1, 1986 | Additions | Deductions | General Fixed Assets September 30, 1987 |
|------------------------------|---|---------------------|-------------------|--|
| General government: | | | | |
| Administration | \$ 6,982,983 | \$ 188,802 | \$ 210,424 | \$ 6,961,361 |
| Municipal garage | <u>287,027</u> | <u>8,578</u> | <u>9,235</u> | <u>286,370</u> |
| Total general government | <u>7,270,010</u> | <u>197,380</u> | <u>219,659</u> | <u>7,247,731</u> |
| Public safety: | | | | |
| Police | 744,016 | 148,872 | 98,614 | 794,274 |
| Fire | 2,282,924 | 616,170 | 222,887(A) | 2,676,207 |
| Inspection | <u>63,112</u> | <u>2,292(A)</u> | <u>-</u> | <u>65,404</u> |
| Total public safety | <u>3,090,052</u> | <u>767,334</u> | <u>321,501</u> | <u>3,535,885</u> |
| Municipal court | <u>-</u> | <u>1,211</u> | <u>-</u> | <u>1,211</u> |
| Streets and sanitation | <u>1,011,227</u> | <u>139,875</u> | <u>26,926</u> | <u>1,124,176</u> |
| Recreation | <u>3,075,721</u> | <u>4,981,295(A)</u> | <u>16,153</u> | <u>8,040,863</u> |
| Library | <u>77,621</u> | <u>8,019</u> | <u>14,236</u> | <u>71,404</u> |
| Health | <u>-</u> | <u>18,514</u> | <u>-</u> | <u>18,514</u> |
| Construction in progress | <u>92,453</u> | <u>3,298,736</u> | <u>-</u> | <u>3,391,189</u> |
| Total General Fixed Assets | <u>\$14,617,084</u> | <u>\$9,412,364</u> | <u>\$ 598,475</u> | <u>\$23,430,973</u> |

(A) Includes inter-function transfers from Fire (\$181,183) to Inspection (\$1,183) and Recreation (\$180,000) which are not treated as additions or deductions in the notes to financial statements.

The accompanying notes are an integral part of this schedule.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

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

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THE CITY OF HOOVER, ALABAMA
Comparative Statement of General Long-Term Debt
 September 30, 1987 and 1986

| | <u>1987</u> | <u>1986</u> |
|--|---------------------|---------------------|
| Amount available and to be provided for the payment of long-term debt | | |
| Amount to be provided from general fund revenues | <u>\$10,177,146</u> | <u>\$10,275,000</u> |
| Total available and to be provided | <u>10,177,146</u> | <u>10,275,000</u> |
| General long-term debt | | |
| Park and Recreation Board bond payable | 427,146 | - |
| General obligation warrants payable | <u>9,750,000</u> | <u>10,275,000</u> |
| Total general long-term debt | <u>\$10,177,146</u> | <u>\$10,275,000</u> |

The accompanying notes are an integral part of this statement.

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Supplementary Information

THE CITY OF HOOVER, ALABAMA
Combined Schedule of Investments - All Governmental Fund Types
 September 30, 1987

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Book Value</u> |
|-----------------------------|--------------------------|--------------------------|-----------------------------|---------------------------|
| General Fund | | | | |
| Certificate of deposit | 7.061 | 01-21-89 | \$ 30,000 | \$ 30,000 |
| Bank investment account | 5.25 | open | <u>2,369,601</u> | <u>2,369,601</u> |
| Total general fund | | | <u><u>2,399,601</u></u> | <u><u>2,399,601</u></u> |
| Special Revenue Funds | | | | |
| Federal Revenue Sharing | | | | |
| Bank investment account | 5.25 | open | <u>163,650</u> | <u>163,650</u> |
| Seven Cent Gasoline Tax | | | | |
| Bank investment account | 5.25 | open | <u>56,886</u> | <u>56,886</u> |
| Four Cent Gasoline Tax | | | | |
| Bank investment account | 5.25 | open | <u>57,672</u> | <u>57,672</u> |
| Total special revenue funds | | | <u><u>278,208</u></u> | <u><u>278,208</u></u> |
| Capital Projects Fund | | | | |
| Bank investment account | 5.25 | open | <u><u>\$5,074,797</u></u> | <u><u>\$5,074,797</u></u> |

THE CITY OF HOOVER, ALABAMA

Pension Plan

Analysis of Funding Progress *

| Plan Year Ended September 30 (A) | (1) Net Assets Available for Benefits | (2) Pension Benefit Obligation | (3) Percentage Funded (1)/(2) | (4) Unfunded PBO (2)-(1) | (5) Annual Covered Payroll | Unfunded PBO As a Percentage of Covered Payroll (4)/(5) |
|----------------------------------|--|-----------------------------------|----------------------------------|-----------------------------|-------------------------------|---|
| 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% |

* 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

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Statistical Section

THE CITY OF HOOVER, ALABAMA
Combined Government Expenditures By Functions
All Governmental Fund Types (A)
 1975 - 1987

| <u>Fiscal Year</u> | <u>General Government</u> | <u>Public Safety (C)</u> | <u>Streets and Sanitation</u> | <u>Recreation</u> | <u>Library</u> |
|--------------------|---------------------------|--------------------------|-------------------------------|-------------------|----------------|
| 1975 | \$ 82,477 | \$ 251,774 | \$ 314,138 | \$ 3,297 | \$ - |
| 1976 | 135,652 | 469,632 | 340,700 | 6,944 | - |
| 1977 | 186,073 | 647,348 | 499,302 | 19,400 | - |
| 1978 (B) | 154,687 | 636,672 | 403,453 | 16,975 | - |
| 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 |

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- (A) This schedule includes the General, Special Revenue and Capital Projects Funds.
- (B) The City changed its fiscal year end from December 31 to September 30 in 1978. Amounts presented for 1978 are for nine months.
- (C) Municipal Court, which is a separate function from Public Safety in these financial statements for fiscal 1984 thru 1987, is included in Public Safety for this presentation to afford comparability with prior years.
- (D) The deficit shown for fiscal years 1982, 1983 and 1984 resulted from a contractual agreement to subsidize the operating cost of a private waste water treatment plant prior to its acquisition by the City. Subsequent to its acquisition by the City, operating results are reported in a Proprietary Fund.

Source: City annual financial reports.

| <u>Health</u> | <u>Capital Outlays</u> | <u>Debt Service</u> | <u>Sewer Treatment Plant Operating Deficit (D)</u> | <u>Total</u> |
|---------------|----------------------------|-------------------------|--|--------------|
| \$ 12,312 | \$ 124,366 | \$ 15,630 | \$ - | \$ 803,994 |
| 2,612 | 308,182 | 25,071 | - | 1,288,793 |
| 3,310 | 86,891 | 44,345 | - | 1,486,669 |
| 2,400 | 115,430 | 24,826 | - | 1,354,443 |
| 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 | 8,223,020 | 1,472,053 | - | 21,146,499 |

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THE CITY OF HOOVER, ALABAMA
Combined Government Revenues By Sources
All Governmental Fund Types (A)
 1975 - 1987

| <u>Fiscal Year</u> | <u>Taxes</u> | <u>Licenses and Permits</u> | <u>Intergovernmental</u> |
|------------------------|--------------|-------------------------------------|--------------------------|
| 1975 | \$ 398,123 | \$ 182,825 | \$ 175,585 |
| 1976 | 532,800 | 270,957 | 210,804 |
| 1977 | 742,509 | 369,021 | 252,420 |
| 1978 (B) | 758,796 | 421,624 | 202,610 |
| 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 |

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

(B) The City changed its fiscal year end from December 31 to September 30 in 1978. Amounts presented for 1978 are for nine months.

Source: City annual financial reports.

| <u>Fines and Forfeitures</u> | <u>Interest</u> | <u>Other</u> | <u>Total</u> |
|--------------------------------------|-----------------|--------------|--------------|
| \$ 41,878 | \$ 20,657 | \$ 1,998 | \$ 821,066 |
| 48,518 | 19,389 | 42,829 | 1,125,297 |
| 40,020 | 22,728 | 191,573 | 1,618,271 |
| 34,606 | 28,257 | 9,950 | 1,455,843 |
| 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 |

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THE CITY OF HOOVER, ALABAMA
Property Tax Levies and Collections*

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> |
|--------------------------------|-------------------------------|--|--|---|--------------------------------------|---|
| 1977 (A) | \$ 213,401 | \$ 211,268 | 99.0% | \$ 828 | \$ 212,096 | 99.4% |
| 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 |

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 (B) | \$ 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 |

* Unaudited

(A) First year in which the City of Hoover imposed a property tax.

(B) The City of Hoover 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*

Located in Jefferson County:

| Assessment Date <u>October 1</u> | <u>Real Property (B)</u> | | <u>Personal Property (B)</u> | |
|--|---------------------------|-----------------------------------|------------------------------|-----------------------------------|
| | <u>Assessed Value</u> | <u>Estimated Actual Value</u> | <u>Assessed Value</u> | <u>Estimated Actual Value</u> |
| 1976 (A) | \$37,525,391 | \$182,004,207 | \$ 4,102,460 | \$ 16,049,788 |
| 1977 | 44,517,945 | 274,140,075 | 4,164,204 | 16,656,816 |
| 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 |

Located in Shelby County:

| | | | | |
|----------|------------|-------------|------------|-------------|
| 1980 (D) | 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 |

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* Unaudited

- (A) First year of assessment for property tax purposes.
 (B) Excludes public utilities and motor vehicles.
 (C) Includes real and personal property.
 (D) The City of Hoover 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 (C)</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> | |
| \$ 966,080 | \$ 3,220,267 | \$ 42,593,931 | \$ 201,274,262 | 21.2% |
| 1,397,100 | 4,657,000 | 50,079,249 | 295,453,891 | 17.0 |
| 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 |
| 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 |

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THE CITY OF HOOVER, ALABAMA
Property Tax Rates - All Overlapping Governments*
 (Per \$100 of Assessed Value)

Jefferson County:

| Fiscal Year Ended September 30 | City of Hoover General Fund | Jefferson County | | | | State of Alabama | Total Tax |
|--------------------------------------|-----------------------------------|------------------|-------------------|-----------------------------|-----------------|------------------------|--------------|
| | | County | County Schools | County School Special | County Total | | |
| 1978 (A) | \$.50 | \$.95 | \$.60 | \$ 1.10 | \$ 2.65 | \$.65 | \$ 3.80 |
| 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 |

Shelby County:

| Fiscal Year Ended September 30 | City of Hoover General Fund | Shelby County | | | | State of Alabama | Total Tax |
|--------------------------------------|-----------------------------------|---------------|-------------------|----------|-----------------|------------------------|--------------|
| | | County | County Schools | Hospital | County Total | | |
| 1982 (B) | \$.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 |

* Unaudited

(A) First year in which the City of Hoover imposed a property tax.

(B) The City of Hoover 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
Ratio of General Obligation Debt
to Assessed Value and General Obligation Debt Per Capita *
 1978 - 1987

| <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> |
|--------------------|----------------------------------|-----------------------|--------------------------------|--|---|
| 1978 (A) | 3,594 | \$ 42,593,931 | \$ 152,122 | .36% | \$ 42.33 |
| 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 (B) | 31,319 | 192,914,341 (C) | 19,827,146 (D) | 10.28 | 633.07 |

* Unaudited

- (A) First fiscal year for which property tax was assessed and paid.
 (B) Special census.
 (C) Includes assessed value of motor vehicles totalling \$11,597,517.
 (D) Includes short-term notes payable of \$3,650,000 and \$6,000,000 which are expected to be refinanced by long-term general obligation warrants during fiscal 1988.

Source: City annual financial reports.

THE CITY OF HOOVER, ALABAMA
Computation of Legal Debt Margin*
 September 30, 1987

| | | |
|---|----------------------|-----|
| Assessed value of property | <u>\$235,696,242</u> | (A) |
| Debt limit - 20 percent of total assessed value | 47,139,248 | |
| Amount of debt applicable to debt limit | <u>19,827,146</u> | (B) |
| Legal debt margin | <u>\$ 27,312,102</u> | |

* Unaudited

- (A) Includes assessed value of motor vehicles totalling \$18,451,460.
 (B) Includes short-term notes payable of \$3,650,000 and \$6,000,000 which are expected to be refinanced by long-term general obligation warrants during fiscal 1988.

Source: Jefferson County Tax Assessor and Shelby County Tax Assessor.

THE CITY OF HOOVER, ALABAMA
Computation of Direct and Overlapping Debt*
 September 30, 1987

| | <u>Total Debt Outstanding</u> | <u>Percentage Applicable to City of Hoover</u> | <u>Amount Applicable To City of Hoover</u> |
|--|---------------------------------------|--|--|
| City of Hoover | | | |
| General long-term debt | \$10,177,146 | 100.0% | \$10,177,146 |
| Short-term notes payable | 9,650,000 | 100.0% | <u>9,650,000</u> |
| | | | <u>19,827,146</u> |
| Overlapping Debt | | | |
| Jefferson County | 93,980,733 | 6.9% | 6,484,671 |
| Jefferson County Board of Education | 19,150,000 | 6.9% | 1,321,350 |
| Shelby County | 5,417,332 | 8.3% | 449,639 |
| Shelby County Board of Education | 11,593,543 | 8.3% | <u>962,264</u> |
| | | | <u>9,217,924</u> |
| | | | <u>\$29,045,070</u> |

* Unaudited

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

THE CITY OF HOOVER, ALABAMA
Ratio of Annual Debt Service Expenditures For
General Obligation Debt to General Expenditures
 1975 - 1987

| <u>Fiscal Year</u> | <u>Total Debt Service</u> | <u>Total General Expenditures</u> (A) | <u>Ratio of Debt Service to Total General Expenditures</u> |
|------------------------|-----------------------------------|---|--|
| 1975 | \$ 15,630 | \$ 803,994 | 1.94% |
| 1976 | 25,071 | 1,288,793 | 1.95 |
| 1977 | 44,345 | 1,486,669 | 2.98 |
| 1978 | 24,826 | 1,354,443 | 1.83 |
| 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 |

(A) Includes General and Special Revenue Funds.

Source: City annual financial reports.

THE CITY OF HOOVER, ALABAMA
Demographic Statistics*

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

(F) Revised from prior years.

THE CITY OF HOOVER, ALABAMA
Construction, Bank Deposits and Retail Sales*

| Year | Commercial Construction (A) | | Residential Construction (A) | | Bank Deposits (B) | Retail Sales (A) |
|------|--------------------------------|------------|---------------------------------|--------------|----------------------|---------------------|
| | Number of Units | Value | Number of Units | Value | | |
| 1975 | 5 | \$ 184,000 | 199 | \$ 9,323,000 | ** | \$ 46,700,000 |
| 1976 | 13 | 1,317,000 | 194 | 8,493,000 | ** | 61,900,000 |
| 1977 | 15 | 2,036,000 | 174 | 9,044,000 | ** | 79,400,000 |
| 1978 | 17 | 759,000 | 91 | 6,137,000 | ** | 94,400,000 |
| 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 |

* Unaudited

** Information not available

(A) Source: City records.

(B) Source: Various City banks.

THE CITY OF HOOVER, ALABAMA
Principal Taxpayers*
 Year Ended September 30, 1987

| | <u>City Ad Valorem Taxes</u> |
|---------------------------------|--------------------------------------|
| South Central Bell | \$277,615 |
| Riverchase Mall Associates | 108,437 |
| Blue Cross/Blue Shield | 38,281 |
| Harbert Companies | 19,827 |
| Alabama Power | 12,820 |
| Federated Department Stores | 10,658 |
| Parisian Inc. | 10,262 |
| Regal Eastabrook Properties | 10,215 |
| First Wisconsin Mortgage | 10,025 |
| Regal Development Company | 9,993 |
| Riverchase Mall Village Company | 9,957 |

* Unaudited

(A) Source: Jefferson and Shelby County Tax Collectors.

THE CITY OF HOOVER, ALABAMA
Miscellaneous Statistical Data*
 September 30, 1987

| | | | |
|---|------------|-------------------------------|-------------------|
| Date of incorporation: May 18, 1967 | | Recreation: | |
| Form of government: Mayor-Council (5 members) | | Number of parks | 7 (E) |
| | | Acres of parks and lakes | 103 (E) |
| Area: 23 square miles (A) | | | |
| Miles of street: | | Public safety: | |
| Paved | 360 (A) | Number of fire stations | 4 |
| Unpaved | 0 (A) | Number of police stations | 1 |
| Miles of sewers: | | Population: | |
| Sanitary | 100 (A) | 1968 federal census | |
| Storm | 50 (A) | (special) | 410 |
| Number of City employees: | | 1970 federal census | 1,393 |
| Administrative | 20 | 1973 federal census | |
| Municipal garage | 3 | (special) | 3,594 |
| Police Department | 81 | 1980 federal census | 19,792 |
| Fire Department | 86 | 1983 estimate | 22,000 |
| Inspection services | 7 | 1984 estimate | 22,500 |
| Street and sanitation | 23 | 1985 estimate | 30,000 |
| Library | 28 | 1986 estimate | 30,500 |
| Recreation | 17 | 1987 federal census (special) | 31,319 |
| Municipal court | 3 | | |
| Health | 2 | Number of housing units: | |
| Total | <u>270</u> | Owner occupied | 7,985 |
| | (B) | Renter occupied | 4,484 |
| | | Vacant | 830 |
| | | Total | <u>13,299</u> (F) |
| Public schools: | | Value of housing units: | |
| Students attend various Jefferson | | Median value | 98,875 (F) |
| and Shelby County elementary | | | |
| and high schools. The City did | | Income: | |
| not operate its own public school | | Per capita | 13,508 (F) |
| system in fiscal 1987. | | Family | 38,376 (F) |
| Education: | | Percentage of population | |
| Percentage of high school | | <u>above poverty level</u> | |
| graduates | 91% (C) | 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, 1986.
 (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).

