

THE CITY OF HOOVER, ALABAMA
Comprehensive Annual Financial Report
For the Fiscal Year Ended
September 30, 1983

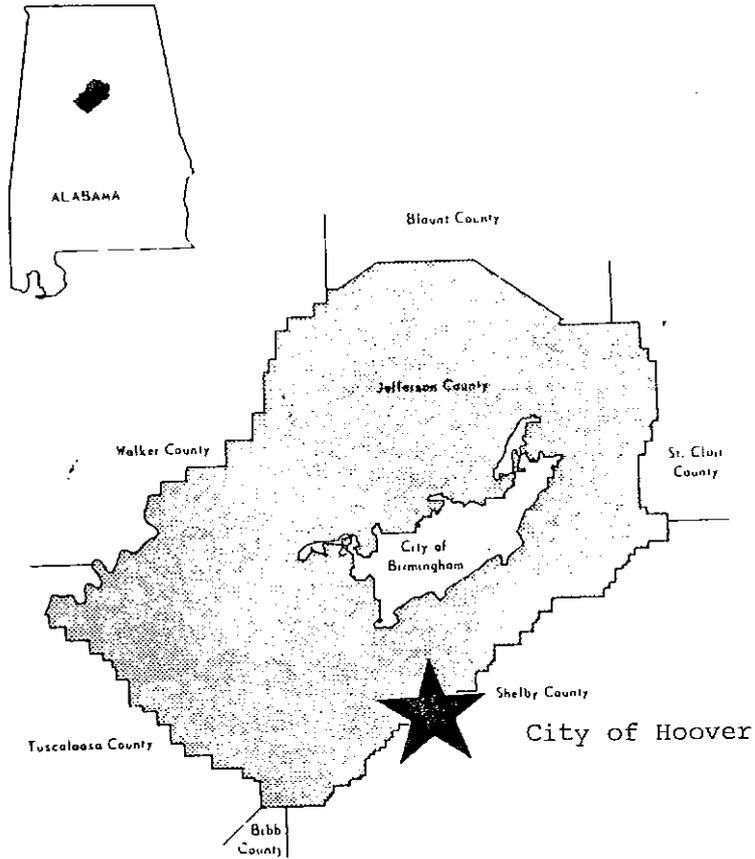
Prepared by:
Office of the City Clerk

Anita Steiner, CMC
City Clerk

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The City of Hoover, Alabama
Introduction



The City of Hoover, Alabama is located in Jefferson and Shelby Counties in north central Alabama. The City occupies approximately 12 square miles and has a population of approximately 22,000.

Officials of the City of Hoover, Alabama
September 30, 1983

Mayor

Frank S. Skinner, Jr.

City Council

T.H. Blackmon, President

D. Charles Bates

Oscar W. Davis

William J. Billingsley

Glenn H. Thompson

Heads of Departments

City Clerk Anita W. Steiner, City Clerk

Police David A. Cummings, Chief

Fire Thomas E. Bradley, Chief

Inspection Gerald R. Smith, Inspector

Public Works Steven W. Brown, Director

Library Linda R. Andrews, Librarian

Jack H. Harrison
City Attorney

Joel G. Watson
Municipal Judge

The City of Hoover, Alabama
Comprehensive Annual Financial Report
 Year Ended September 30, 1983

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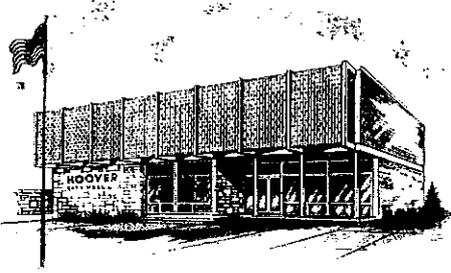
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CITY OF HOOVER

1631 MONTGOMERY HIGHWAY

P. O. BOX 36037

HOOVER, ALABAMA 35236-6037

FRANK S. SKINNER, JR., MAYOR
 CITY COUNCIL
 WILLIAM BILLINGSLEY
 CHARLES BATES
 T. H. BLACKMON, COUNCIL PRESIDENT
 OSCAR DAVIS
 GLENN THOMPSON
 ANITA STEINER, CITY CLERK
 JACK H. HARRISON, CITY ATTORNEY

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, 1983, 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 setforth the financial position and results of operations of the City as measured by 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 Municipal Finance Officers Association of the United States and Canada (MFOA) awards Certificates of Conformance to those governments whose annual financial reports are judged to conform substantially with high standards of public financial reporting including generally accepted accounting principles promulgated by the NCGA. The City of Hoover was awarded a Certificate of Conformance for its annual financial report for the fiscal year 1982. The fiscal 1983 financial report has been prepared following the recommended guidelines of the MFOA. In my opinion, the fiscal year 1983 financial report continues to meet the standards of the Certificate of Conformance program; therefore, it will be submitted to the MFOA for review.

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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 Controls 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; however, there is a federal requirement that a budget be prepared for the Federal Revenue Sharing Fund. The City legally adopts a combined budget for all governmental funds of the City.

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 Fund 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 amend the budget at any time during the fiscal year. The budget was not amended in fiscal year 1983.

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,

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the City Council

the City includes all funds and account groups that are controlled by or dependent on the Mayor and the City Council. The Library Board of the City of Hoover which was organized during fiscal year 1983 is funded by the City and is included in the financial reporting entity. 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. 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 and fire), street maintenance, sanitation, recreation, public library, public improvements, planning and zoning and general administration. The City does not operate a school system. Students attend 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. 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.

Significant Aspects of Financial Operations During the Year

General Fund Operations

Revenues for general government functions totalled \$4,550,907 in the fiscal year ended September 30, 1983, an increase of 12.5 percent over the previous fiscal year.

Honorable Mayor and Members of
the City Council

The amount of revenues and other financial sources and the increase over last year are shown in the following tabulation:

	Amount	Percent of Total	Amount of Increase or (Decrease) from 1982	Percent of Increase or (Decrease) from 1982
<u>Revenues and Other Financing Sources</u>				
Sales taxes	\$1,807,157	39.7%	\$ (1,418)	(.1)%
Business licenses	1,015,192	22.3	127,023	14.3
Property taxes	800,515	17.6	256,852	47.2
Intergovernmental	366,688	8.0	52,853	16.8
Interest on investments	140,633	3.1	(14,961)	(9.6)
Fines and forfeitures	154,977	3.4	57,348	58.7
Building permits	149,401	3.3	51,809	53.1
Rental tax	31,358	.7	(8,630)	(21.6)
All other	84,986	1.9	(14,566)	(14.6)
Total revenues	\$4,550,907	<u>100.0%</u>	<u>\$506,310</u>	12.5%
General obligation warrant proceeds	2,375,000			
Total Revenues and other financing sources	<u>\$6,925,907</u>			

Sales tax revenues which accounted for 39.7% of General Fund revenues were approximately the same as in fiscal year 1982 when they comprised 45.6% of General Fund revenues. Business licenses accounted for 22.3% of General Fund revenues, about the same as in the previous year; however, business licenses were up by \$127,023 or 14.3% from fiscal year 1982 because of new businesses and higher sales volume in the City. Since sales taxes and business license fees are both based on business gross receipts, it is improbable that business licenses could increase by \$127,023 without any increase in sales tax revenues. During fiscal year 1983, City Management became aware that sales tax revenue was substantially lower than projected. Because sales taxes are collected for the City by the State Department of Revenue it was necessary to send City representatives to Montgomery to make inquiries and examine sales tax records in an effort to determine whether errors had been made in computing the City's sales tax revenue. The results of that investigation were inconclusive.

This episode emphasizes one of the disadvantages of having the State Department of Revenue handle the sales tax collections for the City. Another significant disadvantage is the delay in receipt of sales tax revenue as a result of the collections passing through the State's hands.

The City increased its sales tax rate from 1% to 2% effective October 1, 1983.

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the City Council

Property taxes represented 17.6% of General Fund revenues and increased 47.2% from fiscal year 1982. Property taxes collected during fiscal year 1983 were based on property tax assessments as of October 1, 1981 totalling approximately \$118 million. Property tax revenues for fiscal year 1984 will be based on tax assessments as of October 1, 1982. Assessed value of property at October 1, 1982 approximated \$138 million, up \$20 million from the previous assessment date. A summary of property tax information is set forth below:

<u>Assessment Date</u> <u>October 1</u>	<u>Assessed Value</u>	<u>Tax Rate Per \$100 Assessed Value</u>	<u>Fiscal Year Paid</u>	<u>Property Tax Revenue</u>
1976	\$42,593,931	\$.50	1977 - 1978	\$ 211,959 (A)
1977	50,079,249	.50	1978 - 1979	248,882 (A)
1978	49,431,960	.65	1979 - 1980	293,876 (A)
1979	46,872,362	.65	1980 - 1981	304,073 (A)
1980	84,978,804	.65	1981 - 1982	543,663 (A)
1981	117,623,976	.65	1982 - 1983	759,991 (A) (C)
1982	138,081,404	.65	1983 - 1984	897,500 (B)

(A) Actual

(B) Projected based on assessed value and rate.

(C) The property tax revenue in the amount of \$800,515 presented in the tabulation of "Revenues and Other Financing Sources" above includes personal property tax on motor vehicles and payments in lieu of property tax in addition to the \$759,991 shown here.

Continuing commercial and residential growth in Riverchase and other areas of the City accounts for the increases in property values and property taxes. Property taxes are expended for general governmental purposes.

Intergovernmental revenue was up by \$52,853 which was 16.8% higher than in fiscal year 1982. The primary reason for this increase was a new state wide two cent beer tax. Beer tax revenue went from \$41,560 in fiscal 1982 to \$100,358 in fiscal 1983.

Interest on investments in fiscal 1983 dropped by 9.6% from fiscal 1982 primarily because of a general decline in interest rates. City management invests idle funds in certificates of deposit and repurchase agreements. At September 30, the City's excess funds were invested at annual rates ranging from 8.625% to 10.250%.

Fines and forfeitures increased by 58.7% and \$57,348 in fiscal 1983 because of more diligent law enforcement efforts on the part of the police department.

Extensive commercial and residential construction during fiscal 1983 accounted for the \$51,809 and 53.1% increase in building permits over fiscal 1982.

Honorable Mayor and Members of
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On July 27, 1983 the City issued two general obligation warrants totalling \$2,375,000 to pay off an existing general obligation warrant of \$375,000 and to acquire land at a cost of \$2,000,000 upon which to build a new municipal complex.

Increases in expenditure levels for major functions of the City over the preceding year are shown in the following tabulation:

<u>Function</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount of Increase or (Decrease) from 1982</u>	<u>Percent of Increase or (Decrease) from 1982</u>
General government	\$ 498,738	7.7	\$ 123,746	33.0%
Public safety	2,398,310	36.7	497,285	26.2
Streets and sanitation	791,573	12.1	(29,600)	(.4)
Recreation	60,666	.9	16,681	37.9
Library	87,328	1.4	87,328	-
Health	50,747	.8	15,976	45.9
Capital outlays	2,404,489	36.8	2,096,854	681.6
Debt service	46,626	.7	(725)	(1.5)
Waste-water treatment plant operating deficit	189,000	2.9	(222,000)	(54.0)
Total expenditures	<u>\$6,527,477</u>	<u>100.0</u>	<u>\$2,585,545</u>	

General government expenditures increased by 33.0% over fiscal year 1982. The increase, which totalled \$123,746, resulted from higher personal service expenditures, including salary increases and retirement plan contributions, \$17,475; higher general insurance expenditures, \$27,436; increased professional fees (some of which were indirectly related to a general obligation warrant issue subsequent to fiscal year end, described below) \$41,704; and increases in various other administrative expenditures, \$37,131.

Public safety expenditures, which comprised 36.7% of total General Fund expenditures increased by 26.2% over fiscal year 1982. This increase, totalling \$497,285, was primarily the result of higher salaries, \$245,243 and employee retirement plan contributions which were \$101,107 over fiscal year 1982 contributions. City employees were covered by the retirement plan for only two months in fiscal year 1982, but were covered for the entire year in 1983. In addition to the above, employee insurance expenditures were up by \$36,292 because of the large number and amounts of insurance claims. The City is partially self insured on employee medical coverage. In the aggregate, increased personal service expenditures, including those mentioned above, accounted for \$419,335 of the total increase of \$497,285.

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the City Council

Streets and sanitation expenditures from the General Fund actually went down by \$29,600 because more expenditures related to street maintenance were made from Special Revenue Funds earmarked for streets.

The new public library opened subsequent to year end, in October, 1983. Pre-opening expenditures totalling \$87,328 including acquisition of library books and periodicals of \$34,938 and salaries of \$14,986 are included in fiscal year 1983.

Capital outlays from the General Fund totalled \$2,404,489. This included \$2,000,000 which was the acquisition cost of land for a new municipal complex financed through the issuance of general obligation warrants. Construction expenditures included \$257,974 spent for improvements at Hoover Athletic Park, \$59,536 for leasehold improvements at the public library and \$10,581 to modify a portion of the municipal garage building to serve as additional space for the police department. Most of the remaining \$76,398 was expended for equipment and vehicles for police, fire and other departments.

The waste-water treatment plant operating deficit continued to accrue in fiscal year 1983 (See Note 7 in Notes to the Financial Statements). The charge to expenditures was \$222,000 less than in fiscal year 1982 because in 1982 expenditures were charged with the City's share of the deficit from December 15, 1980 through September 30, 1982, a twenty one and one half month period. Fiscal year 1983 is charged with only twelve months.

The litigation related to the Riverchase annexation and the waste-water treatment plant was settled on July 22, 1983 in the City's favor. The accrued liability was paid subsequent to year end on December 22, 1983.

Special Revenue Funds

These include operating funds which are restricted as to use by the Federal and State 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¢ 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¢ State gasoline tax. The use of these funds is restricted to expenditures for the renovation, rehabilitation, and resurfacing of city streets and bridges.

The financial position and revenue and expenditures of the Special Revenue Funds for fiscal 1983 are summarized below:

Financial Position

	<u>Federal Revenue Sharing</u>	<u>State 7¢ Gasoline Tax</u>	<u>State 4¢ Gasoline Tax</u>
Assets (cash, short-term investments and current receivables)	\$169,914	\$223,813	\$ 81,633
Deduct-Unpaid bills at the end of fiscal 1983	-	(6,728)	(3,184)
Net current assets available for use at September 30, 1983	<u>\$169,914</u>	<u>\$217,085</u>	<u>\$ 78,449</u>

Summary of Operations

	<u>Federal Revenue Sharing</u>	<u>State 7¢ Gasoline Tax</u>	<u>State 4¢ Gasoline Tax</u>
Revenues:			
Revenue from other governments	\$ 95,224	\$165,343	\$101,424
Interest earned on invested funds	<u>8,317</u>	<u>17,938</u>	<u>5,572</u>
Total revenues	<u>103,541</u>	<u>183,281</u>	<u>106,996</u>
Expenditures:			
Street maintenance	-	158,895	78,351
Capital outlays (for equipment and vehicles)	<u>39,845</u>	<u>12,202</u>	-
Total expenditures	<u>39,845</u>	<u>171,097</u>	<u>78,351</u>
Excess of revenues over expenditures	<u>\$ 63,696</u>	<u>\$ 12,184</u>	<u>\$ 28,645</u>

More detailed financial statements for the Special Revenue Funds are presented on pages 23 through 30 in this annual report.

Accounting Changes and Restatement
of Financial Statements

The financial statements at September 30, 1983 and 1982 include the following changes and restatements: (1) Retained earnings at October 1, 1982 has been reduced by \$92,415 and a corresponding liability for accrued compensated leave has been recorded. The change was made in order to comply with National Council on Governmental Accounting (NCGA) Statement 4, Accounting and Financial Reporting Principles for Claims and Judgements and Compensated Absences issued in August, 1982. (2) The 1982 Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance have been restated to correct an error caused by the omission of intergovernmental revenue totalling \$76,252.

Fixed Assets

The general fixed assets of the City are those fixed assets used in the performance of general government functions. As of September 30, 1983, the general fixed assets of the City amounted to \$4,652,217. This amount represents the original cost of the assets or, in the case of donated assets, the estimated market value on the date donated.

General Long-Term Debt

General long-term debt at September 30, 1983 consisted of the following:

(A) General obligation warrant payable to a bank; due July 27, 1985; interest at 6 1/2 percent, due quarterly	\$ 875,000
(B) General obligation warrant payable to a trust; due \$150,000 annually commencing July 27, 1984; interest at 9 percent, due monthly	<u>1,500,000</u>
	<u>\$ 2,375,000</u>

Subsequent to fiscal year end, on November 2, 1983, the City issued general obligation warrants with a principal amount of \$9,575,000. These warrants bear interest from 8.20% to 9.00% per year over a 15 year term (See Note 13 in Notes to the Financial Statements). The \$875,000 general obligation warrant, described in (A) above, was paid off from the proceeds of the \$9,575,000 general obligation warrant issue subsequent to fiscal year end.

General long-term debt after the transactions described above is as setforth below:

(A) General obligation warrant payable to a trust; due \$150,000 annually commencing July 27, 1984; interest at 9 percent, due monthly	\$ 1,500,000
(B) General obligation warrants due over 15 years; interest from 8.20 percent to 9.00 percent payable semi-annually commencing April 1, 1984	<u>9,575,000</u>
	<u>\$11,075,000</u>

The ratio of general obligation debt to assessed valuation and the amount of general obligation debt per capita after the \$9,575,000 general obligation warrant on November 2, 1983 is as follows:

General Obligation Debt	Ratio of Debt to Assessed Value	Debt per Capita
<u>\$11,075,000</u>	<u>8%</u>	<u>\$559.58*</u>

* Based on 1980 population of 19,792

The City's credit ratings are as follows:

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

Economic Prospects

The City is experiencing tremendous growth and should continue to do so for at least the next decade. A new commercial complex known as the Riverchase Galleria is presently under construction. Plans for the \$75 million complex include a 1.5 million square feet retail shopping mall, a 350 room hotel and a 150,000 square feet office tower. Developers say that the complex, which is scheduled to open in the spring of 1986, will bring \$225 million annually and 3,000 permanent jobs into the local economy. The Galleria should also attract other commercial and residential development to the area. Aside from the Galleria, Riverchase is moving forward with its planned commercial and residential development. Other areas of the City are experiencing steady growth to keep pace with expanded demand for housing, goods, and services.

City revenues should continue to grow as commercial and residential development materializes. Future revenues should be adequate to provide for expanded municipal services and debt retirement.

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

Dr. Rudolph Lindbeck, Mr. Hoyt Bedingfield, Jr. and Mr. Benson Carroll provided helpful advice when we were preparing our 1982 Comprehensive Annual Financial Report (CAFR) for submission to the Certificate of Conformance Program of the MFOA. I want to thank them for helping the City of Hoover attain a Certificate of Conformance for fiscal year 1982. Further, I want to thank the various City personnel who provided information for the 1983 CAFR and also the Mayor and City Council for their continued patience and support.

Respectfully submitted,



Anita Steiner CMC
City Clerk

March 9, 1984

Certificate of Conformance in Financial Reporting

Presented to

City of
Hoover, Alabama

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 1982

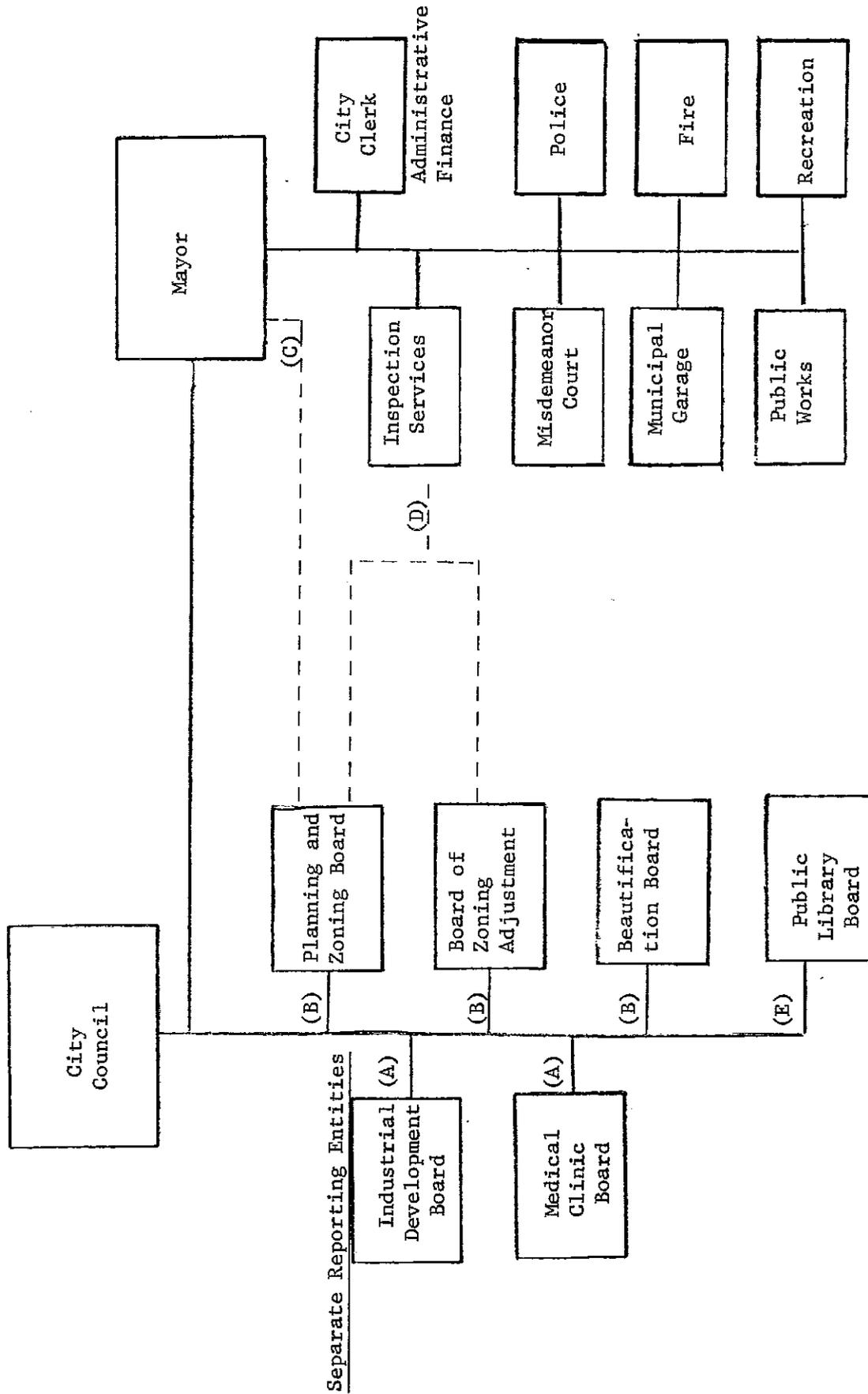
A Certificate of Conformance in Financial Reporting is presented by the Municipal Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program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



Carl Z. White
President

Jeffrey L. Eselle
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 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) The Public Library Board is an independent board which is funded by the City. The board members are appointed by the City Council. The Library is a part of the Reporting Entity.

Financial Section

KAUFMANN, ZEANAH, AND SMITH

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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 as of and for the years ended September 30, 1983 and 1982, 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, 1983 and 1982, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis, after re-statement for the changes, with which we concur, setforth in Note 8 to the combined financial statements. Also, in our opinion, the combining, individual fund and account group financial statements referred to above present fairly the financial position of the individual funds and account groups of the City of Hoover, Alabama, at September 30, 1983 and 1982, and their results of operations, in conformity with generally accepted accounting principles applied on a consistent basis after re-statement for the changes, with which we concur, setforth in Note 8 to the combined financial statements.

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.

Kaufmann, Zeanah & Smith
Kaufmann, Zeanah and Smith

January 23, 1984

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, 1983

	<u>Governmental Fund Types</u>	
	<u>General Fund</u>	<u>Special Revenue Funds</u>
<u>Assets</u>		
Cash	\$ -	\$ 19,421
Investments, at cost	1,527,539	412,000
Receivables		
Taxes	315,997	-
Accrued interest	20,169	-
Due from other governments		
State	-	20,170
Federal	-	23,769
Due from other funds	-	-
Fixed assets (Note 3)	-	-
Amount to be provided for retirement of general long-term debt	-	-
 Total assets	 <u>1,863,705</u>	 <u>475,360</u>
<u>Liabilities</u>		
Bank overdraft	62,601	-
Accounts payable	218,020	9,912
Payroll taxes payable	29,700	-
Accrued retirement contribution (Note 6)	12,567	-
Accrued interest payable	-	-
Due to other funds	-	-
General obligation warrants payable (Note 4)	-	-
Accrued compensated leave (Notes 1 and 8)	111,649	-
Accrued waste-water treatment plant operating deficit (Note 7)	600,000	-
 Total liabilities	 <u>1,034,537</u>	 <u>9,912</u>
<u>Fund equity</u>		
Investment in general fixed assets	-	-
Fund balances		
Unreserved (Note 8)	829,168	465,448
 Total fund equity	 <u>829,168</u>	 <u>465,448</u>
 Total liabilities and fund equity	 <u>\$1,863,705</u>	 <u>\$475,360</u>

Continued on Page 3

The accompanying notes are an integral part of this statement.

Account Groups		Totals (Memorandum Only)	
General Fixed Assets	General Long-Term Debt	1983	1982 Restated (Note 8)
\$ -	\$ -	\$ 19,421	\$ 15,074
-	-	1,939,539	1,549,249
-	-	315,997	252,138
-	-	20,169	28,909
-	-	20,170	21,133
-	-	23,769	28,279
-	-	-	7,525
4,652,217	-	4,652,217	2,225,713
-	<u>2,375,000</u>	<u>2,375,000</u>	-
<u>4,652,217</u>	<u>2,375,000</u>	<u>9,366,282</u>	<u>4,128,020</u>
-	-	62,601	-
-	-	227,932	186,235
-	-	29,700	-
-	-	12,567	10,362
-	-	-	28,109
-	-	-	7,525
-	2,375,000	2,375,000	375,000
-	-	111,649	-
-	-	<u>600,000</u>	<u>411,000</u>
-	<u>2,375,000</u>	<u>3,419,449</u>	<u>1,018,231</u>
4,652,217	-	4,652,217	2,225,713
-	-	<u>1,294,616</u>	<u>884,076</u>
<u>4,652,217</u>	-	<u>5,946,833</u>	<u>3,109,789</u>
<u>\$4,652,217</u>	<u>\$2,375,000</u>	<u>\$9,366,282</u>	<u>\$4,128,020</u>

Continued from Page 2

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
All Governmental Fund Types
 Year Ended September 30, 1983

	<u>Governmental Fund Types</u>		<u>Total</u> (Memorandum Only)	
	<u>General</u>	<u>Special Revenue</u>	<u>1983</u>	<u>1982 Restated (Note 8)</u>
Revenues				
Taxes	\$2,639,030	\$ -	\$2,639,030	\$2,392,226
Licenses and permits	1,165,863	-	1,165,863	987,557
Intergovernmental	366,688	361,991	728,679	630,008
Fines and forfeitures	154,976	-	154,976	97,629
Interest on investments	140,633	31,827	172,460	172,948
Other	<u>83,717</u>	<u>-</u>	<u>83,717</u>	<u>97,756</u>
Total revenues	<u>4,550,907</u>	<u>393,818</u>	<u>4,944,725</u>	<u>4,378,124</u>
Expenditures				
Current operations				
General government	498,738	-	498,738	374,992
Public safety	2,398,310	-	2,398,310	1,901,025
Streets and sanitation	791,573	237,246	1,028,819	894,441
Recreation	60,666	-	60,666	43,985
Library	87,328	-	87,328	-
Health	<u>50,747</u>	<u>-</u>	<u>50,747</u>	<u>34,771</u>
Total	3,887,362	237,246	4,124,608	3,249,214
Capital outlays	2,404,489	52,047	2,456,536	343,341
Debt service	46,626	-	46,626	47,351
Waste-water treatment plant operating deficit (Note 7)	<u>189,000</u>	<u>-</u>	<u>189,000</u>	<u>411,000</u>
Total expenditures	<u>6,527,477</u>	<u>289,293</u>	<u>6,816,770</u>	<u>4,050,906</u>
Excess of revenues over (under) expenditures	(1,976,570)	104,525	(1,872,045)	327,218
Other financing sources				
Proceeds of general obligation warrants (Note 4)	<u>2,375,000</u>	<u>-</u>	<u>2,375,000</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	398,430	104,525	502,955	327,218
Fund balances at beginning of year, as restated (Note 8)	<u>430,738</u>	<u>360,923</u>	<u>791,661</u>	<u>556,858</u>
Fund balances at end of year	<u>\$ 829,168</u>	<u>\$ 465,448</u>	<u>\$1,294,616</u>	<u>\$ 884,076</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, 1983

	General Fund		Special Revenue Fund Types		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Revenues					
Taxes	\$2,561,500	\$2,639,030	\$ -	\$ -	\$ -
Licenses and permits	1,006,700	1,165,863	-	-	-
Intergovernmental	339,000	366,688	325,000	361,991	36,991
Fines and forfeitures	140,000	154,976	-	-	-
Interest on investments	146,000	140,633	-	31,827	31,827
Other	42,300	83,717	-	-	-
Total revenues	<u>4,235,500</u>	<u>4,550,907</u>	<u>325,000</u>	<u>393,818</u>	<u>68,818</u>
Expenditures					
Current operations					
General government	410,100	498,738	-	-	(88,638)
Public safety	2,283,600	2,398,310	-	-	(114,710)
Streets and sanitation	865,400	791,573	250,000	237,246	12,754
Recreation	59,000	60,666	-	-	(1,666)
Library	100,000	87,328	-	-	12,672
Health	32,400	50,747	-	-	(18,347)
Total	3,750,500	3,887,362	250,000	237,246	12,754
Capital outlays	138,200	2,404,489	75,000	52,047	22,953
Debt service	35,600	46,626	-	-	-
Waste-water treatment plant operating deficit (Note 7)	237,200	189,000	-	-	48,200
Total expenditures	<u>4,161,500</u>	<u>6,527,477</u>	<u>325,000</u>	<u>289,293</u>	<u>35,707</u>
Excess of revenues over (under) expenditures	74,000	(1,976,570)	-	104,525	104,525

Other financing sources	-	<u>2,375,000</u>	<u>2,375,000</u>	-	-
Proceeds of general obligation warrants (Note 4)					
Excess of revenues and other financing sources over expenditures	<u>\$ 74,000</u>	398,430	<u>\$ 324,430</u>	<u>\$ 104,525</u>	<u>\$ 104,525</u>
Fund balances at beginning of year, as restated (Note 8)		<u>430,738</u>		<u>360,923</u>	
Fund balances at end of year		<u>\$ 829,168</u>		<u>\$ 465,448</u>	

The accompanying notes are an integral part of this statement.

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Notes to Financial Statements

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The City of Hoover, Alabama
Notes to Financial Statements
September 30, 1983

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 and fire), 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. 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.

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.

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. 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 sales 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.

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; however, there is a federal requirement that a budget be prepared for the Federal Revenue Sharing Fund. The City legally adopts a combined budget for all governmental funds of the City.

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 Fund 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 amend the budget at any time during the fiscal year. The budget was not amended in fiscal year 1983.

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. Investments

Investments, which normally consist of certificates of deposits and repurchase agreements, are stated at cost.

H. Accumulated Unused Compensated Leave

Overtime leave and vacation leave are vested rights which are an obligation of the City even if an employee resigns or is discharged. Sick leave benefits are nonvested rights which terminate if the employee resigns or is discharged. Since the actual liability for sickpay depends on the future absences of employees because of illnesses, the amount cannot be reasonably estimated.

The National Council on Governmental Accounting (NCGA) issued Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments 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.

City employees had unused overtime leave and vacation leave benefits totalling \$111,649 and \$92,415 at September 30, 1983 and 1982 respectively. Accrued compensated leave totalling \$111,649, which does not exceed a normal year's accumulation, has been recorded as a liability of the General Fund at September 30, 1983 with a corresponding \$19,234 charge to current year expenditures and a \$92,415 charge to the fiscal 1983 beginning fund balance to give effect to the liability for accrued compensated leave applicable to prior years (See Note 8). Information regarding the accumulated liability for compensated absences at the beginning of fiscal 1982 is not available therefore, restatement of that year is not practicable.

The total available, accumulated, nonvested, sick leave benefits for all employees was approximately \$369,000 and \$322,000 at September 30, 1983 and 1982 respectively. Only a portion of this amount will be used, so the actual sickpay liability is substantially less.

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.

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 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 \$138 million at October 1, 1982. 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 become both "measurable" and "available" to finance expenditures of the fiscal period. Property tax revenues are considered "measurable" 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 deferred revenues and recognized as revenue in the year for which they are levied.

Note 3 Changes in General Fixed Assets

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

	Balance October 1 1982	<u>Additions</u>	<u>Deletions</u>	Balance September 30, 1983
Land	\$ 377,794	2,000,200 (A)	-	\$2,377,994
Buildings	556,702	14,297		570,999
Improvements other than buildings	126,359	317,510	-	443,869
Equipment and vehicles	<u>1,164,858</u>	<u>124,728</u>	<u>30,231</u>	<u>1,259,355</u>
Total	<u>\$2,225,713</u>	<u>2,456,735</u>	<u>30,231</u>	<u>\$4,652,217</u>

(A) Includes \$2 million cost of land acquired as the site of a proposed new municipal complex. Acquisition was financed through the issuance of general obligation warrants (See Note 4).

Note 4 Changes in Long-Term Debt

The City had no outstanding long-term debt at the beginning of fiscal 1983.

On July 27, 1983, the City issued two general obligation warrants totalling \$2,375,000 to repay existing short-term debt of \$375,000 and to finance the acquisition of land for a new municipal complex at a cost of \$2,000,000.

Long-term debt at September 30, 1983 consisted of the following:

(A) General obligation warrant payable to a bank; due July 27, 1985; interest at 6 1/2 percent due quarterly	\$ 875,000
(B) General obligation warrant payable to a trust; due \$150,000 annually commencing July 27, 1984; interest at 9 percent due monthly	<u>1,500,000</u>
Total long-term debt	<u>\$2,375,000</u>

Subsequent to year end, on November 2, 1983, the City issued general obligation warrants totalling \$9,575,000. The \$875,000 general obligation warrant described above was retired from the proceeds (See Note 13).

The annual requirements to amortize the \$1,500,000 general obligation warrant described above including interest payments of \$720,000 are as follows:

Annual Requirements to Amortize Long-Term Debt
September 30, 1983

Fiscal Year Ended September 30	Principal	Interest	Total
1984	\$ 150,000	\$ 132,750	\$ 282,750
1985	150,000	119,250	269,250
1986	150,000	105,750	255,750
1987	150,000	92,250	242,250
1988	150,000	78,750	228,750
1989	150,000	65,250	215,250
1990	150,000	51,750	201,750
1991	150,000	38,250	188,250
1992	150,000	24,750	174,750
1993	150,000	11,250	161,250
	<u>\$1,500,000</u>	<u>\$ 720,000</u>	<u>\$2,220,000</u>

The principal of this \$1,500,000 general obligation warrant is subject to prepayment prior to maturity on any interest payment date on or after January 27, 1985.

The City is in compliance with the terms of the ordinance authorizing and making provision for the payment of the warrants.

Payments on general obligation warrants, which are secured by the full faith and credit of the City, are made from the General Fund.

Note 5 Required Individual Fund Disclosure - Excess of Expenditures Over Appropriations in Individual Fund

General Fund expenditures of \$6,527,477 exceeded appropriations of \$4,161,500. This resulted primarily from the acquisition, for \$2,000,000, of land for a new municipal complex. The acquisition was financed by the issuance of general obligation warrants totalling \$2,375,000. The budget was not amended.

Note 6 Retirement Commitment

The City became a participant in The Retirement Systems of Alabama effective August 1, 1982. The state retirement system is operated through a public corporation whose purpose is to receive and invest funds and to hold its cash and securities in trust to provide retirement allowances for eligible members. It administers the state wide plan which is offered to municipalities on a voluntary basis. Participation commits the employer to current benefit costs as well as prior service liability. The City has no fiduciary responsibility. Substantially all employees (other than elected officials) are covered by the Plan.

The City was required to contribute an amount equal to 7.40% of employees' compensation to the retirement plan through September 30, 1983. (Subsequent to fiscal year end, on October 1, 1983, the required City contribution rate dropped to 6.45%). The employees' contribution rate, which is established by an act of the State Legislature, is set at 5% of employees' compensation.

Setforth below is other information regarding the Plan:

- (1) The unfunded accrued liability as computed at September 30, 1983 was \$269,237.
- (2) The unfunded accrued liability is being funded over a 30 year period.
- (3) The assumed rate of return that is used to determine the actuarial present values of benefits is 7%.
- (4) The actuarially required contributions for the year ended September 30, 1983 were as follows:

Employee contribution	\$ 96,514
Employer contribution	<u>142,841</u>
Total	<u>\$ 239,355</u>
- (5) Contributions for the year equalled the amounts shown in (4) above.

The City's contribution rate, which was based on an actuarial study as of January 1, 1981, consisted of the following:

Normal cost	4.48%
Accrued liability	2.74
Administrative cost	<u>.18</u>
Total	<u>7.40%</u>

The City elected not to have another actuarial study when it joined the state system effective August 1, 1982, nineteen months after an initial study had been conducted. Actuarial information in use through September 30, 1983 was based on the initial actuarial study as of January 1, 1981. A new actuarial study was conducted as of September 30, 1983.

Actuarial valuations are normally made on an annual basis by the state retirement system. Contributions to the plan, expressed as a percent of active member payroll, should remain approximately level from year to year.

Note 7 Accrued Waste-Water Treatment Plant Operating Deficit

The City annexed Riverchase, a large, partially developed, planned community located in south Jefferson and north Shelby Counties, on September 9, 1980.

Pursuant to an agreement between the City of Hoover and the developers of Riverchase, the City became obligated to acquire from the developers and operate a waste-water treatment plant (the Plant) to service the annexed area. Under the terms of the agreement, generally, the City and the developers are to each pay one-half of any waste-water treatment plant operating deficit incurred through 1988, or until City sales tax revenue from the annexed area reaches \$1 million or more annually. It is improbable that sales tax from the annexed area will reach \$1 million within the near future.

Because of litigation which challenged the legality of the Riverchase annexation, the City was unable to acquire the Plant and pay its share of the Plant operating deficit which had been accumulating since December 15, 1980.

It was the opinion of City management and the City Attorney, at September 30, 1982, that the outcome of the litigation would be favorable and that the City would be obligated to acquire the Plant and pay its share of the Plant operating deficit within a few months.

The criteria for the accrual of a contingent liability in the financial statements are set forth in Financial Accounting Standards Board (FASB) Statement 5, Accounting for Contingencies and NCGA Statement 4 Accounting and Financial Reporting Principles for Claims and Judgements and Compensated Absences. The criteria are: (1) that it is probable that as at the date of the financial statements an asset has been impaired or a liability incurred; and (2) that the amount of loss can be reasonably estimated.

In addition, NCGA Statement 4 requires that "if all conditions of FASB Statement 5 are met, the amount of claims recorded as expenditures in governmental funds shall be the amount accrued during the year that would normally be liquidated with expendable available financial resources."

Since in the opinion of City management the City's contingent liability to pay one-half of the waste-water treatment plant operating deficit met the criteria for accrual, four hundred eleven thousand dollars was accrued as a liability and charged as an expenditure in the General Fund to cover the City's portion

Of this indebtedness through September 30, 1982. An additional one hundred eighty nine thousand dollars has been accrued as a liability and charged as an expenditure in the General Fund in a corresponding entry for fiscal 1983. The accrued waste-water treatment plant operating deficit at September 30, 1983 totalled \$600,000.

The abovementioned litigation was settled in the City's favor on July 22, 1983. The accrued liability was paid subsequent to year end on December 22, 1983.

Note 8 Restatements

A. Accounting Change

The fiscal 1983 beginning fund balance of the General Fund has been restated to give effect to an accounting change. Effective October 1, 1982, the City changed its accounting policy for vacation and overtime leave to recognize the related expenditure when it is incurred, rather than when payment is made (See Note 1). Due to this accounting change, the fiscal 1983 beginning General Fund balance was reduced by \$92,415. The effect of this accounting change on the fiscal year ended September 30, 1983 was to increase expenditures by \$19,234.

Summary of effect of accounting change on fund balance at October 1, 1982:

Fund balance at beginning of year, after correction of error described in (B.) below	\$523,153
Reduction resulting from restatement	<u>(92,415)</u>
Fund balance at beginning of year, as restated	<u>\$430,738</u>

B. Correction of Error - Omitted Revenue

During the fiscal year ended September 30, 1983, City management became aware of County Road Tax revenue which the City was entitled to receive but for which it had not applied. Application was made to county officials requesting payment of County Road Taxes totalling \$293,265 for the period from October 1, 1977 through September 30, 1983. The City subsequently received County Road Tax revenue of \$53,494 for fiscal 1983 and \$76,252 for fiscal 1982. The General Fund and Combined Financial Statements for the fiscal year ended September 30, 1982 presented herein have been restated to include the omitted 1982 intergovernmental revenue. A schedule of the items affected, as previously reported

and as restated, is presented below.

	As Previously Reported		As restated by increasing each amount by \$76,252	
	General Fund Financial Statements	Combined Financial Statements	General Fund Financial Statements	Combined Financial Statements
<u>Balance Sheet</u>				
Receivables - Taxes	\$ 175,886	\$ 175,886	\$ 252,138	\$ 252,138
Total assets	1,465,132	4,051,768	1,541,384	4,128,020
Fund balance - Unreserved	446,901	807,824	523,153	884,076
<u>Statement of Revenues, Expenditures and Changes in Fund Balance(s)</u>				
Revenues - intergovern- mental	237,583	553,756	313,835	630,008
Total revenues	3,968,345	4,301,872	4,044,597	4,378,124
Excess of revenues over expenditures	26,413	250,966	102,665	327,218
Fund balance at end of year	\$ 446,901	\$ 807,824	\$ 523,153	\$ 884,076

Note 9 Operating Leases

The City of Hoover, at September 30, 1983, does not have leases that should be capitalized pursuant to any of the four criteria listed in FASB Statement 13.

On July 1, 1983, The Library Board of the City of Hoover entered into a lease agreement covering the building space now occupied by the public library. Under the terms of the two and one-half year lease, the base rents are as follows:

<u>Fiscal Year</u>	<u>Base Rents</u>
1983	\$ 6,044
1984	24,174
1985	25,685
1986	6,547

The Library Board is also obligated to pay maintenance charges, insurance, utilities and taxes related to the leased premises. The lease, which expires on December 31, 1985, includes options to renew for 2 additional years.

On November 9, 1981, the City entered into a lease agreement with the Hoover Athletic Association which superceded an earlier lease agreement dated June 15, 1981. The Hoover Athletic Association (Association) is a non-profit corporation which conducts organized sports programs for young people at facilities it owns in the City. Under terms of the lease, the City leased seventeen acres of land and improvements from the Association for a three year period with options to renew for four additional three year periods.

The lease provides for the joint use of the facilities by the City and the Association. The City's intended use is for recreation and athletic activities. In addition, the lease provides that the City will maintain the leased property. There is no periodic rental payment required; however, the City is required to pay one-half of the cost of utilities at the property, up to \$10,000 per year, until one year after the completion of the replacement of lighting at the property (See Note 13).

Note 10 Commitment

The Hoover Athletic Association (Association) has agreed to donate the land and improvements which it presently leases to the City on the condition that the City make capital improvements upon the leased property which, in the aggregate, could total one million dollars. Under the terms of the agreement, dated November 9, 1981, the City is to complete the capital improvements in phases and the related property is to be donated by the Association to the City as each phase is completed. The City is not legally bound to make the capital improvements but must do so in order to receive the property. The City has expended approximately \$271,000 through September 30, 1983 (See Note 13).

Note 11 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 12 Litigation

Fowler vs. City is an assault and battery case against the City and its police department which has been pending since 1980. At the time of the alleged occurrence, the City had no insurance to cover this type of claim. Although legal counsel will not evaluate the City's exposure, in the opinion of management the potential liability, if any, is not material.

Note 13 Subsequent Events

A. Sales Tax Increase

Effective October 1, 1983 the City's sales tax rate was increased from one percent to two percent.

B. General Obligation Warrant Issue

Subsequent to fiscal year end, on November 2, 1983, the City issued general obligation warrants (Warrants) with a principal amount of \$9,575,000. These Warrants, dated October 1, 1983, are general obligations of the City and are backed by the full faith, credit and taxing

power of the City. The Warrants are additionally secured by a pledge of the City's sales tax revenue.

Estimated sources and uses of warrant proceeds as set forth in the Official Statement are as follows:

Estimated sources:		
Warrant proceeds		\$ 9,575,000
Earnings on warrant proceeds		<u>539,500</u>
Total		<u>10,114,500</u>
Estimated uses:		
Acquisition of waste-water treatment plant (actual cost)		3,500,000
Acquisition, construction and equipping of municipal complex		3,200,000
Acquisition, construction and equipping of recreation complex		2,000,000
Completion of recreational facilities capital improvements		425,000
Retirement of \$875,000 general obligation warrant and payment of related interest (actual amount paid was \$890,270)		889,500
Legal, printing, fiscal and miscellaneous (actual amount paid was \$117,737)		<u>100,000</u>
Total		<u>\$10,114,500</u>

The debt service schedule on the Warrants, is as follows:

WARRANT YEAR	PRINCIPAL AMOUNT	INTEREST	TOTAL
1984	\$ 0	\$ 833,900	\$ 833,900
1985	350,000	833,900	1,183,900
1986	375,000	802,400	1,177,400
1987	425,000	768,650	1,193,650
1988	475,000	732,525	1,207,525
1989	525,000	692,150	1,217,150
1990	550,000	647,525	1,197,525
1991	625,000	600,775	1,225,775
1992	675,000	547,650	1,222,650
1993	750,000	492,300	1,242,300
1994	800,000	429,300	1,229,300
1995	875,000	360,500	1,235,500
1996	950,000	283,500	1,233,500
1997	1,050,000	198,000	1,248,000
1998	<u>1,150,000</u>	<u>103,500</u>	<u>1,253,500</u>
	<u>\$9,575,000</u>	<u>\$8,326,575</u>	<u>\$17,901,575</u>

C. Donation of Recreation Property

Subsequent to year end, on October 21, 1983, the City entered into a construction contract to complete the improvements at the Hoover Athletic Association Park (See Note 10). On November 2, 1983, the Hoover Athletic Association donated the 17 acres under lease to the City (See Note 9).

Note 14 Contingent Asset

During the fiscal year ended September 30, 1983, City management became aware of County Road Tax revenue which the City was entitled to receive but for which it had not applied. Application was made to county officials requesting payment of County Road Taxes totalling \$293,265 for the period from October 1, 1977 through September 30, 1983. The City subsequently received County Road Tax revenue totalling \$129,746 which represented the taxes due for 1982 and 1983. County officials have withheld payment for the earlier years. They have tentatively taken the position that they cannot pay the amounts due for those years because they are prohibited from paying claims for more than two years prior to the date of the request. City Attorneys take the position that the County collected Road Tax which it holds in trust for the City and must pay the tax to the City for all years. City Attorneys are presently negotiating with the County regarding this matter. The County Road Tax revenue for fiscal 1978 through fiscal 1981 totals \$163,519. Because of the uncertainty as to collection of this tax revenue it has not been recorded as a receivable in the General Fund.

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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, 1983 and 1982

	<u>1983</u>	1982 Restated (Note 8)
<u>Assets</u>		
Cash	\$ -	\$ 4,088
Investments, at cost	1,527,539	1,256,249
Receivables		
Taxes	315,997	252,138
Accrued interest	<u>20,169</u>	<u>28,909</u>
Total assets	<u>1,863,705</u>	<u>1,541,384</u>
 <u>Liabilities and Fund Balance</u>		
<u>Liabilities</u>		
Bank overdraft	62,601	-
Accounts payable	218,020	186,235
Payroll taxes payable	29,700	-
Accrued retirement contribution (Note 6)	12,567	10,362
Accrued interest payable	-	28,109
Due to other funds	-	7,525
General obligation warrant payable (Note 4)	-	375,000
Accrued compensated leave (Notes 1 and 8)	111,649	-
Accrued waste-water treatment plant operating deficit (Note 7)	<u>600,000</u>	<u>411,000</u>
Total liabilities	1,034,537	1,018,231
Fund balance		
Unreserved (Note 8)	<u>829,168</u>	<u>523,153</u>
Total liabilities and fund balance	<u>\$1,863,705</u>	<u>\$1,541,384</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, 1983
 With Comparative Actual Amounts for Year Ended September 30, 1982

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	1982 Restated (Note 8) <u>Actual</u>
Revenues				
Taxes	\$2,561,500	\$2,639,030	\$ 77,530	\$2,392,226
Licenses and permits	1,006,700	1,165,863	159,163	987,557
Intergovernmental	339,000	366,688	27,688	313,835
Fines and forfeitures	140,000	154,976	14,976	97,629
Interest on investments	146,000	140,633	(5,367)	155,594
Other	<u>42,300</u>	<u>83,717</u>	<u>41,417</u>	<u>97,756</u>
Total revenues	<u>4,235,500</u>	<u>4,550,907</u>	<u>315,407</u>	<u>4,044,597</u>
Expenditures				
Current operations				
General government	410,100	498,738	(88,638)	374,992
Public safety	2,283,600	2,398,310	(114,710)	1,901,025
Streets and sanitation	865,400	791,573	73,827	821,173
Recreation	59,000	60,666	(1,666)	43,985
Library	100,000	87,328	12,672	-
Health	<u>32,400</u>	<u>50,747</u>	<u>(18,347)</u>	<u>34,771</u>
Total	3,750,500	3,887,362	(136,862)	3,175,946
Capital outlays	138,200	2,404,489	(2,266,289)	307,635
Debt service	35,600	46,626	(11,026)	47,351
Waste-water treatment plant operating deficit (Note 7)	<u>237,200</u>	<u>189,000</u>	<u>48,200</u>	<u>411,000</u>
Total expenditures	<u>4,161,500</u>	<u>6,527,477</u>	<u>(2,365,977)</u>	<u>3,941,932</u>
Excess of revenues over (under) expenditures	74,000	(1,976,570)	(2,050,570)	102,665
Other financing sources				
Proceeds of general obligation warrants (Note 4)	<u>-</u>	<u>2,375,000</u>	<u>2,375,000</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 74,000</u>	398,430	<u>\$ 324,430</u>	102,665
Fund balance at beginning of year, as restated (Note 8)		<u>430,738</u>		<u>420,488</u>
Fund balance at end of year		<u>\$ 829,168</u>		<u>\$ 523,153</u>

The accompanying notes are an integral part of this statement

The City of Hoover, Alabama
General Fund
Statement of Current Expenditures
Budget and Actual

Year Ended September 30, 1983

With Comparative Actual Amounts for Year Ended September 30, 1982

<u>Expenditures - Current Operations</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1982 Actual</u>
General government				
Administrative				
Personal services	\$ 112,600	\$ 120,458	\$ (7,858)	\$ 102,766
Other	<u>248,500</u>	<u>328,767</u>	<u>(80,267)</u>	<u>224,586</u>
Total	<u>361,100</u>	<u>449,225</u>	<u>(88,125)</u>	<u>327,352</u>
Municipal garage				
Personal services	36,700	39,464	(2,764)	39,681
Other	<u>12,300</u>	<u>10,049</u>	<u>2,251</u>	<u>7,959</u>
Total	<u>49,000</u>	<u>49,513</u>	<u>(513)</u>	<u>47,640</u>
Total general government	<u>410,100</u>	<u>498,738</u>	<u>(88,638)</u>	<u>374,992</u>
Public safety				
Police				
Personal services	898,900	974,583	(75,683)	783,924
Other	<u>174,000</u>	<u>180,067</u>	<u>(6,067)</u>	<u>140,737</u>
Total	<u>1,072,900</u>	<u>1,154,650</u>	<u>(81,750)</u>	<u>924,661</u>
Fire				
Personal services	1,046,700	1,071,497	(24,797)	850,781
Other	<u>127,400</u>	<u>129,373</u>	<u>(1,973)</u>	<u>92,743</u>
Total	<u>1,174,100</u>	<u>1,200,870</u>	<u>(26,770)</u>	<u>943,524</u>
Inspection services				
Personal services	30,100	35,782	(5,682)	27,822
Other	<u>6,500</u>	<u>7,008</u>	<u>(508)</u>	<u>5,018</u>
Total	<u>36,600</u>	<u>42,790</u>	<u>(6,190)</u>	<u>32,840</u>
Total public safety	<u>2,283,600</u>	<u>2,398,310</u>	<u>(114,710)</u>	<u>1,901,025</u>
Streets and sanitation				
Streets and sanitation				
Personal services	251,600	248,433	3,167	186,271
Other	<u>613,800</u>	<u>543,140</u>	<u>70,660</u>	<u>634,902</u>
Total streets and sanitation	<u>865,400</u>	<u>791,573</u>	<u>73,827</u>	<u>821,173</u>
Recreation				
Parks				
Personal services	25,100	27,314	(2,214)	22,563
Other	<u>33,900</u>	<u>33,352</u>	<u>548</u>	<u>21,422</u>
Total recreation	<u>59,000</u>	<u>60,666</u>	<u>(1,666)</u>	<u>43,985</u>
Library				
Library				
Personal services	17,000	14,986	2,014	-
Other	<u>83,000</u>	<u>72,342</u>	<u>10,658</u>	<u>-</u>
Total library	<u>100,000</u>	<u>87,328</u>	<u>12,672</u>	<u>-</u>
Health				
Nondepartmental	32,400	50,747	(18,347)	34,771
Total expenditures-Current Operations	<u>\$3,750,500</u>	<u>\$3,887,362</u>	<u>\$ (136,862)</u>	<u>\$3,175,946</u>

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS

These include operating funds which are restricted as to use by the Federal and State 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¢ 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¢ State gasoline tax. The use of these funds is restricted to expenditures for the renovation, rehabilitation, and resurfacing of city streets and bridges.

The City of Hoover, Alabama
Special Revenue Funds
Combining Balance Sheet
 September 30, 1983
 With Comparative Totals for September 30, 1982

<u>Assets</u>	Federal Revenue Sharing	State Seven Cent Gasoline Tax	State Four Cent Gasoline Tax	<u>Totals</u>	
				<u>1983</u>	<u>1982</u>
Cash	\$ 3,145	\$ 460	\$ 15,816	\$ 19,421	\$ 10,986
Investments, at cost	143,000	212,000	57,000	412,000	293,000
Due from other governments:					
State	-	11,353	8,817	20,170	21,133
Federal	23,769	-	-	23,769	28,279
Due from General Fund	-	-	-	-	7,525
Total assets	<u>169,914</u>	<u>223,813</u>	<u>81,633</u>	<u>475,360</u>	<u>360,923</u>
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	-	6,728	3,184	9,912	-
Total liabilities	-	6,728	3,184	9,912	-
Fund balances - Unreserved	<u>169,914</u>	<u>217,085</u>	<u>78,449</u>	<u>465,448</u>	<u>360,923</u>
Total liabilities and fund balances	<u>\$169,914</u>	<u>\$223,813</u>	<u>\$81,633</u>	<u>\$475,360</u>	<u>\$360,923</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, 1983
 With Comparative Totals for Year Ended September 30, 1982

	Federal Revenue Sharing	State Seven Cent Gasoline Tax	State Four Cent Gasoline Tax	<u>Totals</u>	
				1983	1982
Revenues					
Intergovernmental	\$ 95,224	\$165,343	\$ 101,424	\$361,991	\$316,173
Interest on investments	<u>8,317</u>	<u>17,938</u>	<u>5,572</u>	<u>31,827</u>	<u>17,354</u>
Total revenues	<u>103,541</u>	<u>183,281</u>	<u>106,996</u>	<u>393,818</u>	<u>333,527</u>
Expenditures					
Current operations					
Streets and sanitation	<u>-</u>	<u>158,895</u>	<u>78,351</u>	<u>237,246</u>	<u>73,268</u>
Total	<u>-</u>	<u>158,895</u>	<u>78,351</u>	<u>237,246</u>	<u>73,268</u>
Capital outlays	<u>39,845</u>	<u>12,202</u>	<u>-</u>	<u>52,047</u>	<u>35,706</u>
Total expenditures	<u>39,845</u>	<u>171,097</u>	<u>78,351</u>	<u>289,293</u>	<u>108,974</u>
Excess of revenues over expenditures	63,696	12,184	28,645	104,525	224,553
Fund balances at beginning of year	<u>106,218</u>	<u>204,901</u>	<u>49,804</u>	<u>360,923</u>	<u>136,370</u>
Fund balances at end of year	<u>\$169,914</u>	<u>\$217,085</u>	<u>\$78,449</u>	<u>\$465,448</u>	<u>\$360,923</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, 1983 and 1982

	<u>1983</u>	<u>1982</u>
<u>Assets</u>		
Cash	\$ 3,145	\$ 1,939
Investments, at cost	143,000	76,000
Due from federal government	<u>23,769</u>	<u>28,279</u>
Total assets	<u>169,914</u>	<u>106,218</u>
<u>Fund Balance</u>		
Fund balance - unreserved	\$ <u>169,914</u>	\$ <u>106,218</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, 1983
 With Comparative Actual Amounts for Year Ended September 30, 1982

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>1982 Actual</u>
Revenues				
Intergovernmental	\$ 75,000	\$ 95,224	\$ 20,224	\$ 74,575
Interest on investments	<u>-</u>	<u>8,317</u>	<u>8,317</u>	<u>6,252</u>
Total revenues	<u>75,000</u>	<u>103,541</u>	<u>28,541</u>	<u>80,827</u>
Expenditures				
Current operation				
Streets and sanitation	<u>-</u>	<u>-</u>	<u>-</u>	<u>390</u>
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>390</u>
Capital outlays	<u>75,000</u>	<u>39,845</u>	<u>35,155</u>	<u>35,706</u>
Total expenditures	<u>75,000</u>	<u>39,845</u>	<u>35,155</u>	<u>36,096</u>
Excess of revenues over expenditures	\$ <u>-</u>	63,696	\$ <u>63,696</u>	44,731
Fund balance at beginning of year		<u>106,218</u>		<u>61,487</u>
Fund balance at end of year		\$ <u>169,914</u>		\$ <u>106,218</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, 1983 and 1982

<u>Assets</u>	<u>1983</u>	<u>1982</u>
Cash	\$ 460	\$ 8,732
Investments, at cost	212,000	184,000
Due from state government	<u>11,353</u>	<u>12,169</u>
Total assets	<u>223,813</u>	<u>204,901</u>
 <u>Liabilities and Fund Balance</u>		
<u>Liabilities</u>		
Accounts payable	<u>6,728</u>	<u>-</u>
Total liabilities	6,728	-
Fund balance - Unreserved	<u>217,085</u>	<u>204,901</u>
Total liabilities and fund balance	<u>\$223,813</u>	<u>\$204,901</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, 1983
With Comparative Actual Amounts for Year Ended September 30, 1982

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	1982 <u>Actual</u>
Revenues				
Intergovernmental	\$160,000	\$165,343	\$ 5,343	\$149,943
Interest on investments	<u>-</u>	<u>17,938</u>	<u>17,938</u>	<u>6,656</u>
Total revenues	<u>160,000</u>	<u>183,281</u>	<u>23,281</u>	<u>156,599</u>
Expenditures				
Current operations				
Streets and sanitation	160,000	158,895	1,105	26
Total	<u>160,000</u>	<u>158,895</u>	<u>1,105</u>	<u>26</u>
Capital outlays	<u>-</u>	<u>12,202</u>	<u>(12,202)</u>	<u>-</u>
Total expenditures	<u>160,000</u>	<u>171,097</u>	<u>(11,097)</u>	<u>26</u>
Excess of revenues over expenditures	<u>\$ -</u>	12,184	<u>\$ 12,184</u>	156,573
Fund balance at beginning of year		<u>204,901</u>		<u>48,328</u>
Fund balance at end of year		<u>\$217,085</u>		<u>\$204,901</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, 1983 and 1982

	<u>1983</u>	<u>1982</u>
<u>Assets</u>		
Cash	\$ 15,816	\$ 315
Investments, at cost	57,000	33,000
Due from state government	8,817	8,964
Due from General Fund	<u>-</u>	<u>7,525</u>
Total assets	<u>81,633</u>	<u>49,804</u>
<u>Liabilities and Fund Balance</u>		
<u>Liabilities</u>		
Accounts payable	<u>3,184</u>	<u>-</u>
Total Liabilities	3,184	-
Fund balance - Unreserved	<u>78,449</u>	<u>49,804</u>
Total liabilities and fund balance	<u>\$81,633</u>	<u>\$49,804</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, 1983
 With Comparative Actual Amounts for Year Ended September 30, 1982

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	1982 <u>Actual</u>
Revenues				
Intergovernmental	\$ 90,000	\$101,424	\$ 11,424	\$ 91,655
Interest on investments	<u>-</u>	<u>5,572</u>	<u>5,572</u>	<u>4,446</u>
Total revenues	<u>90,000</u>	<u>106,996</u>	<u>16,996</u>	<u>96,101</u>
Expenditures				
Current operations				
Streets and sanitation	<u>90,000</u>	<u>78,351</u>	<u>11,649</u>	<u>72,852</u>
Total expenditures	<u>90,000</u>	<u>78,351</u>	<u>11,649</u>	<u>72,852</u>
Excess of revenues over expenditures	<u>\$ -</u>	28,645	<u>\$ 28,645</u>	23,249
Fund balance at beginning of year		<u>49,804</u>		<u>26,555</u>
Fund balance at end of year		<u>\$ 78,449</u>		<u>\$ 49,804</u>

The accompanying notes are an integral part of this statement.

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, 1983 and 1982

	<u>1983</u>	<u>1982</u>
General Fixed Assets:		
Land	\$2,377,994	\$ 377,794
Buildings	570,999	556,702
Improvements other than buildings	443,869	126,359
Equipment and vehicles	<u>1,259,355</u>	<u>1,164,858</u>
Total general fixed assets	<u>\$4,652,217</u>	<u>\$2,225,713</u>
Investment in General Fixed Assets from:		
General obligation warrants	2,620,255	620,255
Federal grants	288,446	250,655
General revenues	1,259,816	871,303
Gifts	<u>483,700</u>	<u>483,500</u>
Total investment in general fixed assets	<u>\$4,652,217</u>	<u>\$2,225,713</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, 1983

<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	\$2,222,018	\$2,030,000	\$ 153,980	\$ -	\$ 38,038
Municipal garage	<u>93,642</u>	<u>15,750</u>	<u>56,146</u>	<u>-</u>	<u>21,746</u>
Total general government	<u>2,315,660</u>	<u>2,045,750</u>	<u>210,126</u>	<u>-</u>	<u>59,784</u>
Public safety:					
Police	280,546	-	10,581	-	269,965
Fire	1,083,268	41,962	350,292	-	691,014
Inspection	<u>12,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,242</u>
Total public safety	<u>1,376,056</u>	<u>41,962</u>	<u>360,873</u>	<u>-</u>	<u>973,221</u>
Streets and sanitation	<u>208,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,306</u>
Recreation	<u>677,122</u>	<u>290,282</u>	<u>-</u>	<u>384,333</u>	<u>2,507</u>
Library	<u>75,073</u>	<u>-</u>	<u>-</u>	<u>59,536</u>	<u>15,537</u>
Total General Fixed Assets	<u>\$4,652,217</u>	<u>\$2,377,994</u>	<u>\$ 570,999</u>	<u>\$ 443,869</u>	<u>\$1,259,355</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, 1983

<u>Function and Activity</u>	<u>General Fixed Assets October 1, 1982</u>	<u>Additions</u>	<u>Deductions</u>	<u>General Fixed Assets September 30, 1983</u>
General government:				
Administration	\$ 222,290	\$2,000,831	\$ 1,103	\$2,222,018
Municipal garage	<u>92,143</u>	<u>1,928</u>	<u>429</u>	<u>93,642</u>
Total general government	<u>314,433</u>	<u>2,002,759</u>	<u>1,532</u>	<u>2,315,660</u>
Public safety:				
Police	248,439	66,975	34,868	280,546
Fire	1,050,310	39,540	6,582	1,083,268
Inspection	<u>6,316</u>	<u>6,308</u>	<u>382</u>	<u>12,242</u>
Total public safety	<u>1,305,065</u>	<u>112,823</u>	<u>41,832</u>	<u>1,376,056</u>
Streets and sanitation	<u>187,268</u>	<u>27,962</u>	<u>6,924</u>	<u>208,306</u>
Recreation	<u>418,947</u>	<u>258,175</u>	<u>-</u>	<u>677,122</u>
Library	<u>-</u>	<u>75,073</u>	<u>-</u>	<u>75,073</u>
Total General Fixed Assets	<u>\$2,225,713</u>	<u>\$2,476,792</u>	<u>\$ 50,288</u>	<u>\$4,652,217</u>

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 which have a maturity of more than one year from date of issuance.

The City of Hoover, Alabama
Comparative Statement of General Long - Term Debt
 September 30, 1983 and 1982

	<u>1983</u>	<u>1982</u>
Amount available and to be provided for the payment of long-term debt		
General obligation warrants:		
Amount available in debt service funds	\$ -	\$ -
Amount to be provided from General Fund revenues	<u>2,375,000</u>	<u>-</u>
Total available and to be provided	<u>2,375,000</u>	<u>-</u>
General long-term debt:		
General obligation warrants payable (Note 4)	<u>2,375,000</u>	<u>-</u>
Total general long-term debt payable	<u>\$2,375,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Supplementary Information

The City of Hoover, Alabama
Combined Government Expenditures By Functions
All Governmental Fund Types
 1974 - 1983

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets and Sanitation</u>	<u>Recreation</u>	<u>Library</u>
1974	\$ 57,483	\$ 160,582	\$ 104,580	\$ 275	\$ -
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 (A)	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

Continued on Page 37

(A) 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.

Statistical Section

The City of Hoover, Alabama
Combined Schedule of Investments-All Funds
 September 30, 1983

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Book Value</u>
General Fund:				
Certificates of deposit	8.625% - 9.500%	10/08/83 - 11/22/83	\$1,204,539	\$1,204,539
Repurchase agreement	10.250%	10/03/83	<u>323,000</u>	<u>323,000</u>
Total General Fund			<u>\$1,527,539</u>	<u>\$1,527,539</u>
Special Revenue Funds:				
Federal Revenue Sharing				
Repurchase agreements	10.250%	Open End	143,000	143,000
State Seven Cent Gasoline Tax				
Repurchase agreements	10.250%	Open End	212,000	212,000
State Four Cent Gasoline Tax				
Repurchase agreements	10.250%	Open End	<u>57,000</u>	<u>57,000</u>
Total Special Revenue Funds			<u>\$ 412,000</u>	<u>\$ 412,000</u>

<u>Health</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Waste Water Treatment Plant Operating Deficit</u>	<u>Total</u>
\$ 16,048	\$ 27,604	\$ 15,197	\$ -	\$ 381,769
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

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The City of Hoover, Alabama
Combined Government Revenues By Sources
All Governmental Fund Types
 1974 - 1983

<u>Fiscal</u> <u>Year</u>	<u>Taxes</u>	<u>Licenses</u> <u>and</u> <u>Permits</u>	<u>Intergovernmental</u>
1974	\$ 330,111	\$ 120,501	\$ 127,973
1975	398,123	182,825	175,585
1976	532,800	270,957	210,804
1977	742,509	369,021	252,420
1978 (A)	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 (B)
1983	\$2,639,030	\$1,165,863	\$ 728,679

Continued on Page 39

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

(B) Restated. See Note 8.

Source: City annual financial report.

<u>Fines and Forfeitures</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
\$ 33,877	\$ 17,495	\$ 4,358	\$ 634,315
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 (B)
\$ 154,976	\$ 172,460	\$ 83,717	\$4,944,725

Continued from Page 38

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	90.3 (B)
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

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 (C)	\$ 44,270	\$ 43,823	99.0%
1982	96,336	92,322	95.8

* Unaudited

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

(B) Unfavorable percentage resulted from subsequent adjustments by the County of assessed values and taxes due.

(C) 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 October 1	<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

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

Continued on Page 42

* 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	16.2
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
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

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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

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

* 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. Property taxes were collected in Shelby County for the first time in the fiscal year ended September 30, 1982.
 (C) Some amounts are changed to correct errors discovered in the corresponding schedule for the fiscal 1982 comprehensive annual financial report.

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 - 1983

<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 (B)	19,792	117,623,976	2,375,000	2.02%	120.00

- (A) First fiscal year for which property tax was assessed and paid.
 (B) The City issued general obligation warrants totalling \$9,575,000 subsequent to fiscal year end, on November 2, 1983, and paid off an \$875,000 general obligation warrant leaving outstanding debt of \$11,075,000. Ratio of debt to assessed value is 8% and debt per capita is \$559.58 after those transactions.

Source: City annual financial reports

The City of Hoover, Alabama
Computation of Legal Debt Margin*
 September 30, 1983

Assessed value of property .	\$ <u>143,732,484</u> (A)
Debt limit - 20 percent of total assessed value	28,746,497
Amount of debt applicable to debt limit:	
General obligation warrants	<u>2,375,000</u>
Legal debt margin	\$ <u>26,371,497</u> (B)

* Unaudited

- (A) Source: Jefferson County Tax Assessor and Shelby County Tax Assessor
 (B) The City issued general obligation warrants totalling \$9,575,000 subsequent to fiscal year end, on November 2, 1983, and paid off an \$875,000 general obligation warrant leaving outstanding debt of \$11,075,000. Legal debt margin after those transactions is \$17,671,497.

The City of Hoover, Alabama
Computation of Overlapping Debt*
 September 30, 1983

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Hoover</u>	<u>Amount Applicable to City of Hoover</u>
City of Hoover			
General obligation warrants	\$2,375,000	100.00%	\$2,375,000
Overlapping Debt			
Jefferson County	3,713,710	5.30	196,827
Shelby County	322,700	7.00	<u>22,589</u>
			<u>\$2,594,416</u>

* Unaudited
 Source: City records

The City of Hoover, Alabama
Ratio of Annual Debt Service Expenditures For
General Obligation Debt to General Expenditures
 1974 - 1983

<u>Fiscal Year</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (A)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1974	\$15,197	\$ 381,769	3.98%
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%

(A) Includes General and Special Revenue Funds.

(B) Subsequent to fiscal year end, on November 2, 1983, the City issued general obligation warrants totalling \$9,575,000; therefore, debt service will be substantially higher in future years (See Note 13).

Source: City annual financial reports.

The City of Hoover, Alabama
Demographic Statistics*

<u>Year</u>	<u>Population</u>	<u>Median Household Income (A)</u>	<u>School Age Individuals (A)</u>	<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)

* 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

The City of Hoover, Alabama
Construction, Bank Deposits and Retail Sales*

<u>Year</u>	<u>Commercial Construction (A)</u>		<u>Residential Construction (A)</u>		<u>Bank Deposits (B)</u>	<u>Retail Sales (A)</u>
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>		
1974	3	\$ 40,000	47	\$ 2,112,000	**	\$ 38,300,000
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	\$114,285,000	120,900,000
1981	26	20,528,000	43	2,857,000	126,848,000	173,800,000
1982	40	5,402,000	58	4,055,000	145,291,000	208,500,000
1983	26	4,874,000	692	23,951,000	**	229,000,000

* Unaudited

** Information not available

(A) Source: City records

(B) Source: Various City banks

The City of Hoover, Alabama
Principal Taxpayers*
 September 30, 1983

<u>Taxpayer</u>	(A) Assessed <u>Valuation</u>	City Ad Valorem <u>Taxes</u>
South Central Bell	\$29,673,000	\$ 192,874
Harbert Corporation	17,969,340	116,800
Harbert International	13,280,180	86,321
Harbert-Equitable Joint Venture	6,781,944	44,082
Blue Cross-Blue Shield	4,654,755	30,256

* Unaudited

(A) Source: Jefferson County Tax Assessor; Shelby County Tax Assessor

The City of Hoover, Alabama
Miscellaneous Statistical Data*
 September 30, 1983

Date of incorporation:	May 18, 1967	Recreation:	
Form of government:	Mayor-Council (5 members)	Number of parks	4
Area:	12 square miles (A)	Acres of parks and lakes	40(A)
		Tennis courts	4
Miles of street:		Public safety:	
Paved	260(A)	Number of fire stations	3
Unpaved	0(A)	Number of police stations	1
Miles of sewers:		Population:	
Sanitary	80(A)	1968 federal census (special)	410
Storm	25(A)	1970 federal census	1393
Number of City employees:		1973 federal census (special)	3594
Administrative	4	1980 federal census	19792
Municipal garage	2	1983 estimate	22000
Police Department	40	Number of housing units:	
Fire Department	41	Owner occupied	4420
Inspection services	2	Renter occupied	2746
Street and sanitation	14	Vacant	497
Library	8	Total	<u>7663</u> (C)
Recreation	5	Income	
Total	<u>116</u> (B)	Per capita	\$10584(C)
Public schools:		Family	30069(C)
Students attend various Jefferson		Percentage of population	
and Shelby County elementary and		<u>above</u> poverty level in	
high schools. The City does not		1979	96%(C)
operate its own public school		Median age	30(C)
system.			
Education:			
Percentage of high school			
graduates	91%(C)		

* Unaudited

(A) Source: City Engineer (Amounts are approximate)

(B) Source: City payroll records, January 15, 1984

(C) Source: 1980 federal census

The City of Hoover, Alabama
Schedule of Insurance in Force
 September 30, 1983

<u>Name of Company</u>	<u>Type of Coverage</u>	<u>Policy Number</u>
Travelers Insurance Company	Automobile liability and physical damage	650-258F562-9-IND-82
The Home Insurance Company of Indiana	General liability	GL 1 39 36 09
Aetna Insurance Company	Multi-Peril policy - fire and lightning on buildings and contents, bodily injury and property damage liability, physical loss or damage on road equipment, public employees honesty blanket	SMP 29 32 13
International Surplus Lines Insurance Company	Public officials and employees liability - "any actual or alleged error. . ." by a public official or employee of the public entity	GP 26234
Transit Casualty Company	Law enforcement officers' comprehensive liability insurance	400733
Massachusetts Indemnity and Life Insurance Company	Law enforcement officer's accidental death and dismemberment insurance - liability from occurrences arising from law enforcement activities - loss of life or dismemberment while serving in law enforcement capacity	400733
Insurance Company of North America	Blanket employee dishonesty coverage for library board	JO 10 12 48 4
Municipal Workmen's Compensation Management Company, Inc.	Workmen's Compensation	-
Travelers Insurance Company	General liability and Property	650-776F457-7-TIA -83

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<u>Term</u>		<u>Liability Limits</u>	<u>Annual Premium</u>
<u>From</u>	<u>To</u>		
11-10-82	11-10-83	Bodily injury - \$300,000 each accident Property damage - \$50,000 each accident Physical damage - "Actual cash value"	\$21,289
11-15-82	11-15-83	Bodily injury - \$300,000 each occurrence Property damage - \$100,000 each occurrence	9,808
11-15-80	11-15-83	Buildings and contents - \$959,800 Bodily injury - \$300,000 each occurrence Property damage - \$100,000 each occurrence Road equipment - \$87,000 Employee's blanket - \$100,000 (loss in excess of \$250)	3,846
10-11-80	10-11-83	\$1,000,000 each loss/each policy year (loss in excess of \$2,500)	1,576
2-12-83	2-12=84	Bodily injury/property damage - \$500,000 combined single limit	9,067
2-12-83	2-12-84	Accidental death/dismemberment - \$10,000 per person insured	293
1-17-83	1-17-86	\$100,000 per person	200
2-1-83	2-1-84	Standard Workmen's Compensation	33,987
9-20-83	9-20-84	Bodily injury/property damage-\$300,000 combined single limit Premises medial -\$1,000 per person insured, \$10,000 per occurrence	\$ 931

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