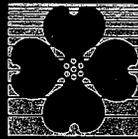


THE CITY OF HOOVER, ALABAMA



Comprehensive Annual Financial Report

For the Fiscal Year Ended

September 30, 1989

**THE CITY OF HOOVER, ALABAMA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 1989**

**PREPARED BY:**  
**OFFICE OF THE FINANCE DIRECTOR**

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

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THE CITY OF HOOVER, ALABAMA  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 1989

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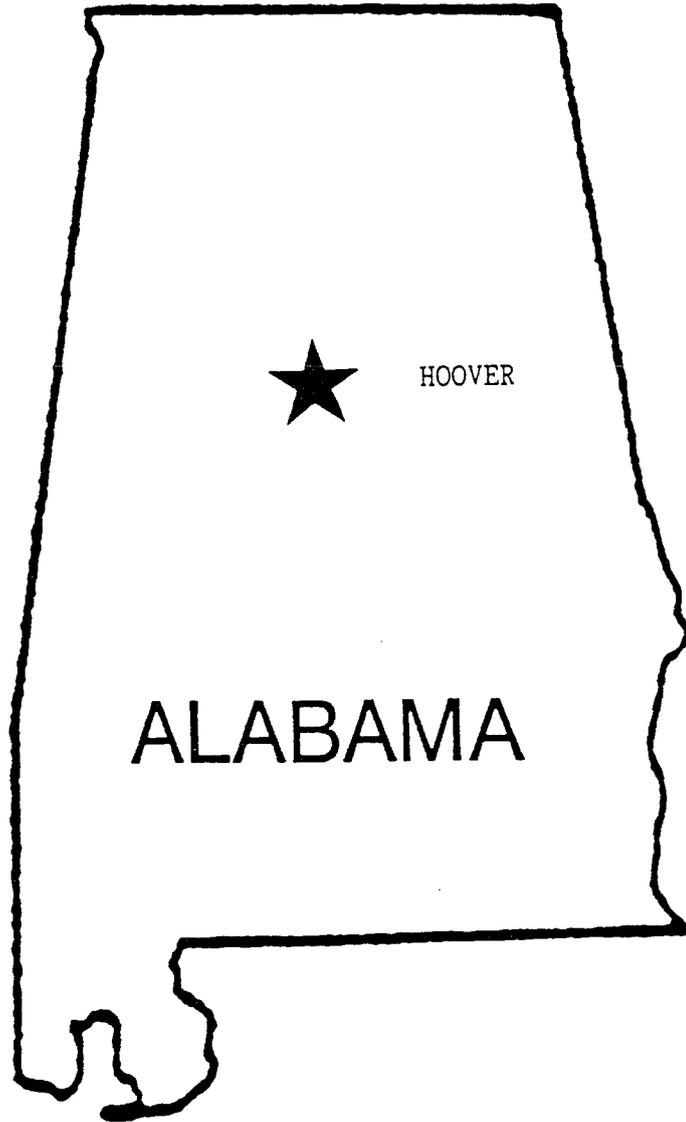
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**INTRODUCTORY SECTION**

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The City of Hoover, Alabama  
Introduction

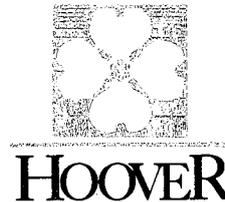


The City of Hoover, Alabama is located in Jefferson and Shelby Counties in north central Alabama and is included in the Birmingham Metropolitan area. The City occupies approximately 26 square miles and has a population of approximately 40,000.



**City of Hoover**

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



December 8, 1989

To the citizens of The City of Hoover, Alabama

The comprehensive annual financial report of The City of Hoover, Alabama (the City) for the fiscal year ended September 30, 1989, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The City is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128, Audits of State and Local Governments. No Federal Assistance was received during the fiscal year ended September 30, 1989.

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

## ECONOMIC CONDITION AND OUTLOOK

During the past decade the City has catapulted to tenth largest in the State in population. According to the Public Affairs Research Council of Alabama, a non-profit governmental research organization, the City's per capita revenue of \$605 in fiscal 1988 ranked it sixth among the nineteen largest cities in the State.

Although significant economic growth within the City has continued for many years, a less dramatic growth rate percentage appears likely in the future. Individual economic events such as new retail stores and new shopping centers will have less impact on the City's broadened commercial base. However, barring any significant downturns in the economy, growth should remain strong into the next century.

## MAJOR INITIATIVES

For the Year: The City implemented a merit system "Classification and Pay Plan" (the Plan) during the year. The Plan should enhance job security and improve morale among employees. Further, the Plan should provide stability for future planning and growth in the City's work force.

A revised personnel management system was also implemented as a companion to the Plan. The City's new personnel management policies will provide incentive for minimizing sick leave and reward attendance.

A personnel advisory board was created to hear appeals and grievances. The employees, the Mayor and the City Council each appoint one member of the three member board.

The City annexed approximately 450 acres containing residences and commercial property during the year. The annexed property expanded the corporate limits of the City and enhanced its revenue base.

The City updated and adopted its comprehensive zoning map during the year. This map provides the City with a useful tool to identify parcels for future annexation. It also serves as a valuable planning tool for City staff, the Planning & Zoning Commission, and the City Council.

In the prior year, the service area of the Riverchase Wastewater Treatment Plant was expanded to serve the Southlake Development, a mixed-use development in the southern part of the City. Sewer mains from Southlake to the Plant and a 550,000 gallon influent surge basin were planned, as Phase I and Phase II, respectively, to accommodate the wastewater from Southlake. Phase I was completed during the fiscal year. Phase II, delayed due to redesign and inclement weather, was only fifty percent (50%) complete at September 30, 1989. Wastewater can reach the

Plant and be processed without an adverse impact on treatment permit standards in spite of the delays. Plans call for the total system to be functional by the summer of 1990. The City's maximum financial commitment is limited to \$750,000 which will be recovered through the sale of Southlake sewer tap fees.

For the Future: Hoover Metropolitan Stadium will be the site of the 1990 Southeastern Conference Baseball Tournament. Teams from six of the ten schools in the conference will participate in a double-elimination playoff in late May. The tournament format will ensure a minimum of nine games and may allow for as many as eleven.

Approximately 50,000 baseball fans from across the southeast are expected to visit the stadium during the four-day event. The tournament is co-hosted by the City, the University of Alabama, and Auburn University. After expenses, including a \$100,000 guarantee to the conference, the co-hosts will divide \$25,000. Thereafter, half of all net proceeds will go to the conference and half to the co-hosts. The City will also benefit from sales tax and other taxes paid by visitors.

The City implemented the emergency Enhanced 911 telephone system late in fiscal year 1989. The system allows callers to dial 911 for any type of emergency assistance and access the City's emergency dispatch personnel. Calls will initiate the display of information including the telephone number from which the call is being made, the address at which that telephone is located, and any other information carried in the computer file.

Callers cannot disconnect the call even if they put the receiver back on the telephone. The information will continue to be displayed. This allows emergency service personnel to respond even if the caller is not able to speak or communicate in any way. Also, it will allow public safety personnel to identify and confront prank callers. The system is funded by a special fee on all telephones in the City. The fee was authorized by a referendum of voters.

The federal government will conduct the 1990 Decennial Census on April 1, 1990. The Hoover area is now a Census Designated Place. This means that demographics and statistical data will be available for the City apart from the Birmingham Metropolitan Statistical Area. Since some revenue which comes to the City from the state and county governments is based on population, it is very important to have an accurate figure in order to maximize revenue.

The City Council has approved and funded the position of Internal Auditor beginning with Fiscal Year 1990. This position will accommodate an individual who will investigate all areas of City finances and operations to enhance economy and efficiency.

The City and the State Highway Department are continuing to study and observe the increasing development and traffic flow along the section of State Highway 150 (SH 150) from Riverchase Drive to Sulphur Springs Road. City and Highway Department staff members anticipate that this section will need to be widened in the near future and that the work would include a new bridge at the Paradise Lake spillway. The estimated cost of the work is \$6 million. The State Highway Director has indicated that he would welcome financial support from the City in this project. No formal arrangements have been made as of this date.

#### DEPARTMENT FOCUS - FIRE DEPARTMENT

Under capable leadership, the Hoover Fire Department has become one of the best in Alabama.

The Insurance Services Office (ISO) rates fire departments for insurance purposes. Departments are rated from 1 to 10 with Class 1 being the best and Class 10 being the worst. Based on a recent review by the ISO the Hoover Fire Department improved from Class 3 to Class 2. There are no Class 1 departments in Alabama and only 4 Class 2's, including Hoover. The primary benefit obtained from taking the steps necessary to achieve a Class 2 rating is better protection of life and property. A secondary benefit is the reduction of insurance rates in the City.

The Fire Department also provides emergency medical services for the City. Two-thirds of the Fire Department employees are fully trained paramedics. This gives all engine companies first responder capability. Additionally, two fully equipped rescue units are operated.

At the present time, the entire Fire Department is undergoing training to comply with EPA regulations requiring First Responder - Awareness/Operational Level training. In addition, a hazardous material unit will be placed in service early in 1990 with the personnel assigned to that unit being trained to the highest level required.

Paramedics provide free blood pressure checks at all stations at all hours year round. Training and recertification for CPR is a continuing service offered by the paramedics.

The fire stations, equipment and manpower are fully utilized to provide the citizens of the City with emergency aid, fire protection and related services.

## FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The internal control structure is subject to periodic tests and evaluation by independent auditors.

## BUDGETING CONTROLS

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

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

## GENERAL GOVERNMENT FUNCTIONS

The following schedules present a summary of General Fund and Special Revenue Funds revenues and other financing sources for the fiscal year ended September 30, 1989 and the amount and percentages of increases and decreases in relation to prior year revenues.

<u>Revenues and other Financing Sources</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1988</u>	<u>Percent of Increase (Decrease)</u>
Taxes	\$14,936,802	72.1%	\$1,734,631	13.1%
Licenses and permits	3,219,790	15.5	500,107	18.4
Intergovernmental	1,043,063	5.0	21,282	2.1
Fines and forfeits	404,469	2.0	108,711	36.8
Interest earned	277,284	1.3	(81,457)	(22.7)
Stadium lease	302,140	1.5	21,772	7.8
Other	<u>542,575</u>	<u>2.6</u>	<u>309,137</u>	132.4
Total revenues	\$20,726,123	<u>100.0%</u>	<u>\$2,614,183</u>	14.4%
Operating transfers in	25,052			
Long-term borrowing	<u>9,475,792</u>			
Total revenues and other financing sources	<u>\$30,226,967</u>			

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

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1988</u>	<u>Percent of Increase (Decrease)</u>
Sales and use taxes	\$12,716,945(A)	61.4%	\$1,109,541	9.6%
Business licenses	2,737,541(B)	13.2	476,985	21.1
Property taxes	2,135,976(A)	10.3	617,074	40.6
Intergovernmental	1,043,063	5.0	21,282	2.1
Building permits	481,100(B)	2.3	22,782	5.0
Fines and forfeits	404,469	2.0	108,711	36.8
Stadium lease	302,140	1.5	21,772	7.8
Interest earned	277,284	1.3	(81,457)	(22.7)
Enhanced 911	250,565(C)	1.2	250,565	-
All other revenue	<u>377,040(D)</u>	<u>1.8</u>	<u>66,928</u>	21.6
	<u>\$20,726,123</u>	<u>100.0%</u>	<u>\$2,614,183</u>	14.4%

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

Taxes	\$ 83,881
Licenses and permits	1,149
Other	<u>292,010</u>
	<u>\$377,040</u>

Sales and use taxes are by far the greatest sources of revenue to the City. Continued commercial expansion has resulted in greater sales and use tax revenues in each year except fiscal 1983. Set forth below is sales and use tax information for the past ten years:

<u>Fiscal Year</u>	<u>Sales and Use Tax Revenues</u>	<u>Percent of Total Revenue</u>	<u>Percent of Increase (Decrease) from previous Year</u>
1980	\$ 1,021,557	44.8%	15.2%
1981	1,565,543	46.4	53.3
1982	1,808,575	45.6	15.5
1983	1,807,157	39.7	(.1)
1984	4,002,656(A)	51.9	121.5
1985	5,028,805	53.9	25.6
1986	7,576,464(B)	61.6	50.7
1987	10,415,505	65.6	37.5
1988	11,607,404	64.1	11.4
1989	12,716,945	61.4	9.6

- (A) The City raised its sales and use tax rate from 1% to 2% (except on automobiles) effective October 1, 1983.
- (B) The Riverchase Galleria shopping mall opened in February 1986.

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

<u>Fiscal Year</u>	<u>Business Licenses Revenue</u>	<u>Percent of Total Revenue</u>	<u>Percent of Increase (Decrease) from previous Year</u>
1980	\$ 542,771	23.8%	11.5%
1981	671,522	19.9	23.7
1982	888,169	22.4	32.3
1983	1,015,192	22.3	14.3
1984	1,128,678	14.6	11.2
1985	1,191,356	12.8	5.6
1986	1,461,599	11.9	22.7
1987	2,011,474	12.7	37.6
1988	2,260,556	12.5	12.4
1989	2,737,541	13.2	21.1

Business licenses revenue has grown each year as the commercial base of the City has grown.

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

<u>Fiscal Year</u>	<u>Property Tax Revenue</u>	<u>Percent of Total Revenue</u>	<u>Percent of Increase (Decrease) from previous Year</u>
1980	\$ 281,681	12.3%	17.4%
1981	535,233	15.9	90.0
1982	543,663	13.7	78.1
1983	800,515	17.6	47.2
1984	945,470	12.3	18.1
1985	1,111,157	11.9	17.5
1986	987,239	8.0	(11.2)
1987	1,269,528	8.0	28.6
1988	1,518,902	8.4	19.6
1989	2,135,976	10.3	40.6

Assessed property values have grown from \$49 million in 1980 to \$371 million in 1989. The City's property tax rate, 6 1/2 mills, which is the lowest in Jefferson County, has remained unchanged throughout the past decade.

Intergovernmental revenues consist of the City's share of state and county shared taxes. Revenues generated from intergovernmental sources totalled \$1,043,063 and comprised 5% of total revenue, about the same as in fiscal 1988.

Fines and forfeits totalled \$404,469 in fiscal 1989, an increase of \$108,711 (36.8%) over fiscal 1988. This resulted from the initiation of a dual court system during the year. A second judge and prosecutor were engaged to expedite the processing of court cases and reduce or eliminate a backlog of cases.

An enhanced 911 system (E911) came on line during fiscal 1989. Under the enhanced system, the local telephone company collects a monthly charge for the emergency service and remits it to the City. The City uses the revenue to pay expenditures related to providing the emergency service. The City received \$250,565 in E911 funds during fiscal 1989.

The following schedule presents a summary of General Fund and Special Revenue Funds expenditures for the fiscal year ended September 30, 1989 and the percentage of increases and decreases in relation to prior year amounts.

Expenditures and Other <u>Financing Uses</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 1988</u>	<u>Percent of Increase (Decrease)</u>
Current				
General				
government	\$ 2,078,774	6.6%	\$ (426,089)	(17.0%)
Public safety	7,788,312	24.9	899,209	13.1
Municipal court	174,946	.5	64,531	58.4
Streets and sanitation	2,542,297	8.1	254,196	11.1
Recreation	823,782	2.7	193,218	30.6
Library	632,757	2.0	60,760	10.6
Health	124,523	.4	19,206	18.2
Capital outlays	1,268,166	4.1	114,873	10.0
Debt service				
Principal	555,754	1.9	(845,796)	60.4
Interest	2,432,470	7.8	1,306,090	116.0
Issuance cost	94,421	.3	42,468	81.7
Intergovernmental				
City Board of Education	<u>12,733,239</u>	<u>40.7</u>	<u>9,633,239</u>	310.7
Total				
expenditures	31,249,441	<u>100.0%</u>	<u>\$11,315,905</u>	56.8
Operating transfers out	<u>175,052</u>			
Total expendi- tures and other financing uses	<u>\$31,424,493</u>			

Expenditures for personal services including salaries, retirement contributions and other employee benefits totalled \$9,635,290 in fiscal 1989, compared to \$8,465,459 in fiscal 1988. This was an increase of \$1,169,831. The increase resulted from a 5% across the board pay increase, merit raises and the hiring of approximately 11 additional employees during the year.

Personal services expenditures comprised 68.0% of operating expenditures and 30.8% of total expenditures in fiscal 1989 as compared to 64.6% of operating expenditures and 42.5% of total expenditures in fiscal 1988.

General government expenditures in fiscal 1989 decreased by \$426,089 (17.0%) from fiscal 1988 because the City discontinued payments in support of County schools in the City after the City formed its own board of education.

Public safety expenditures in fiscal 1989 increased \$899,209 (13.1%) over fiscal 1988. As the City continues its rapid growth, newly annexed areas require the expansion of City service. Public safety is the function most affected by this growth.

Capital outlays from General and Special Revenue Funds totalled \$1,268,166 in fiscal 1989, an increase of \$114,873 from 1988. Capital outlays were as follows:

<u>Description</u>	<u>Amount</u>
Park and Recreation land	\$ 573,069
Fire engine pumper	183,395
Furniture and equipment - All departments	143,564
Park improvements	111,032
Police vehicles (8)	97,822
Municipal parking lot	95,447
Public works dump truck	24,519
Traffic signal	16,634
Fire vehicle	11,781
Public works vehicle	<u>10,903</u>
Total	<u>\$1,268,166</u>

Principal payments on indebtedness declined by \$845,796 from fiscal 1988 to fiscal 1989. Principal payments were unusually high in fiscal 1988 primarily because of the early retirement of general obligation warrants (GOWs) totalling \$750,000. There was no early debt retirement in fiscal 1989. Further, early debt retirement in fiscal 1988 resulted in lesser principal payments due in fiscal 1989.

Interest payments on indebtedness increased by \$1,306,090 in fiscal 1989 because the City issued GOWs totalling \$25,050,000 near the end of fiscal 1988. These GOWs required the City to pay interest but no principal during fiscal 1989.

The City Board of Education (the Board) was paid \$12,733,239 in fiscal 1989. This was an increase of \$9,633,239. In September, 1989 the City issued general obligation school warrants with a principal amount of \$9 million, the proceeds of which (\$8,908,239) were paid to the Board. The remainder of the increase over fiscal 1988 represented payments to the Board under a resolution adopted by the previous City Council.

#### GENERAL AND SPECIAL REVENUE FUND BALANCES

The fund balances of the General and Special Revenue Funds are as follows:

	<u>September 30</u>	
	<u>1989</u>	<u>1988</u>
General Fund (deficit)	\$(41,521)	\$1,583,681
Special Revenue Funds	<u>878,367</u>	<u>452,074</u>
Total	<u>\$836,846</u>	<u>\$2,035,755</u>

A separate city school system was created in fiscal 1988. The superimposition of education cost upon the City's previously existing expenditure structure is the primary reason for the General Fund deficit.

The Mayor and City Council are considering alternatives to eliminate the deficit. Among those alternatives being considered are the reduction of certain expenditures and further enhancement of revenues for education. City management believes that the deficit will be eliminated in a timely manner.

#### CAPITAL PROJECTS FUND

A total of \$567,123 was expended from the Capital Projects Fund for general fixed assets, sewer expansion and infrastructure during fiscal 1989. A summary of these capital outlays is set forth below:

Land acquisition	\$191,791
Stadium facility	175,585
Sewer expansion	150,000
Other	<u>49,747</u>
Total	<u>\$567,123</u>

These capital outlays were funded by the following:

Fund balance from prior year	\$247,499
Interest earnings and other revenue	169,624
Operating transfers from the General Fund	<u>150,000</u>
Total	<u>\$567,123</u>

#### ENTERPRISE OPERATIONS

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

	Fiscal Year				
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Revenues	\$117,516	\$162,900	\$177,079	\$224,028	\$244,697
Expenses	<u>471,303</u>	<u>483,702</u>	<u>489,444</u>	<u>545,191</u>	<u>510,054</u>
Net income (loss)	(353,787)	(320,802)	(312,365)	(321,163)	(265,357)
Add:					
Depreciation (A)	197,333	197,333	197,328	198,168	201,187
Contributed capital					
Customer tap fees	239,315	130,440	297,852	236,687	168,761
Capital Projects Fund	-	-	-	600,000	150,000
Deduct:					
Acquisition of plant and equipment	-	-	(9,046)	(622,375)	(190,701)
Net increase in working capital	<u>\$ 82,861</u>	<u>\$ 6,971</u>	<u>\$173,769</u>	<u>\$ 91,317</u>	<u>\$ 63,890</u>

	<u>September 30</u>				
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Current assets	\$197,672	\$195,530	\$356,634	\$484,606	\$556,163
Current liabilities	<u>36,913</u>	<u>27,800</u>	<u>15,135</u>	<u>51,790</u>	<u>59,457</u>
Working capital	<u>\$160,759</u>	<u>\$167,730</u>	<u>\$341,499</u>	<u>\$432,816</u>	<u>\$496,706</u>
Current ratio	5.4 to 1	7.0 to 1	24.0 to 1	9.4 to 1	9.4 to 1

(A) Depreciation does not currently affect working capital

Contributed capital from tap fees paid by customers will continue to subsidize sewer plant operations for several years into the future.

#### CASH MANAGEMENT

Cash temporarily idle during the year was invested in a bank public funds investment account and in bank certificates of deposit. The average yield on investments was 9.68%.

The City's investment policy at present is to keep all idle funds invested at the best short-term rates available in financially sound local banks; also, to keep all invested funds insured by the FDIC or collateralized. All collateral is held in the City's name by a third party, The Federal Reserve Bank of Atlanta, Georgia. All of the funds invested by the City are classified in the category of lowest credit risk as defined by Statement No. 3 of the Governmental Accounting Standards Board.

#### RISK MANAGEMENT

During fiscal 1989, the City maintained insurance coverages for property damage, comprehensive general liability, police professional liability, public officials liability, employee dishonesty, workers compensation and business interruption at the Riverchase Galleria. City management believes that insurance coverages are adequate.

## DEBT ADMINISTRATION

At September 30, 1989, the City had general long-term warrants and bond outstanding as follows:

(A) \$9,575,000 general obligation warrants, series 1983; dated October 1, 1983; due \$350,000 to \$1,150,000 annually beginning October 1, 1985; interest at 8.20% to 9.00% due semi-annually commencing April 1, 1984	\$ 7,950,000
(B) \$500,000 non-interest bearing Park and Recreation Board bond; dated April 7, 1987; due \$100,000 annually including interest (discount is based on imputed interest rate of 5.49%)	269,843
(C) \$17,500,000 general obligation warrants, dated September 1, 1988; issued September 29, 1988; due \$480,000 to \$1,705,000 annually beginning September 1, 1991; interest at 5.90% to 7.375% due semi-annually commencing March 1, 1989	17,500,000
(D) \$7,550,000 general obligation warrants, dated May 1, 1987; issued September 29, 1988; due \$190,000 to \$845,000 annually beginning May 1, 1991; interest at 8.90% to 9.50% due semi-annually commencing November 1, 1988	7,550,000
(E) \$450,000 general obligation warrant, dated May 1, 1989; due \$50,000 annually plus interest at 7.25%	450,000
(F) \$9,000,000 general obligation school warrants, dated September 1, 1989; due \$260,000 to \$850,000 annually beginning September 1, 1992; interest at 6.50% to 8.00% due semi-annually commencing March 1, 1990	<u>9,000,000</u>
Total	<u>\$42,719,843</u>

The \$9,000,000 general obligation school warrants were issued at the request of and for the benefit of the City Board of Education (the Board). As mentioned above, the net proceeds were remitted to the Board. The Board plans to use the funds for capital outlays. Under an agreement between the City Council and the Board related to the warrant issue, the Board agreed to reimburse the City for principal and interest payments on the warrants.

The City was rated by Moody's Investors Service and Standard & Poor's Corporation most recently in 1988. The ratings were reviewed and confirmed in fiscal 1989. The City's current credit ratings are as follows:

Moody's	A
Standard & Poor's	A+

Under current state statutes, the City's debt is subject to a legal limitation based on 20 percent of total assessed value of real and personal property. As of September 30, 1989, the City's debt applicable to the debt limit was \$26,634,843. The legal debt limit was \$47,547,306 at September 30, 1989. Debt per capita at September 30, 1989 equalled \$1,364.

#### OTHER INFORMATION

#### INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The accounting firm of Livings, Hill & Moody, CPAs performed the audit. As mentioned earlier, no federal assistance was received during fiscal 1989; therefore, the City is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-128, Audits of State and Local Governments. The independent auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

#### AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 1988. This was the seventh consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this comprehensive annual financial report was made possible by the dedicated service of the finance department staff and the assistance of our accountants, Livings, Hill & Moody, CPAs. We wish to express our appreciation to them. Further, we wish to thank the City Council for their continued support as we strive to excel in financial reporting.

Sincerely,



Frank Skinner, Jr.  
Mayor



Richard K. Smith  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hoover,  
Alabama

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 1988

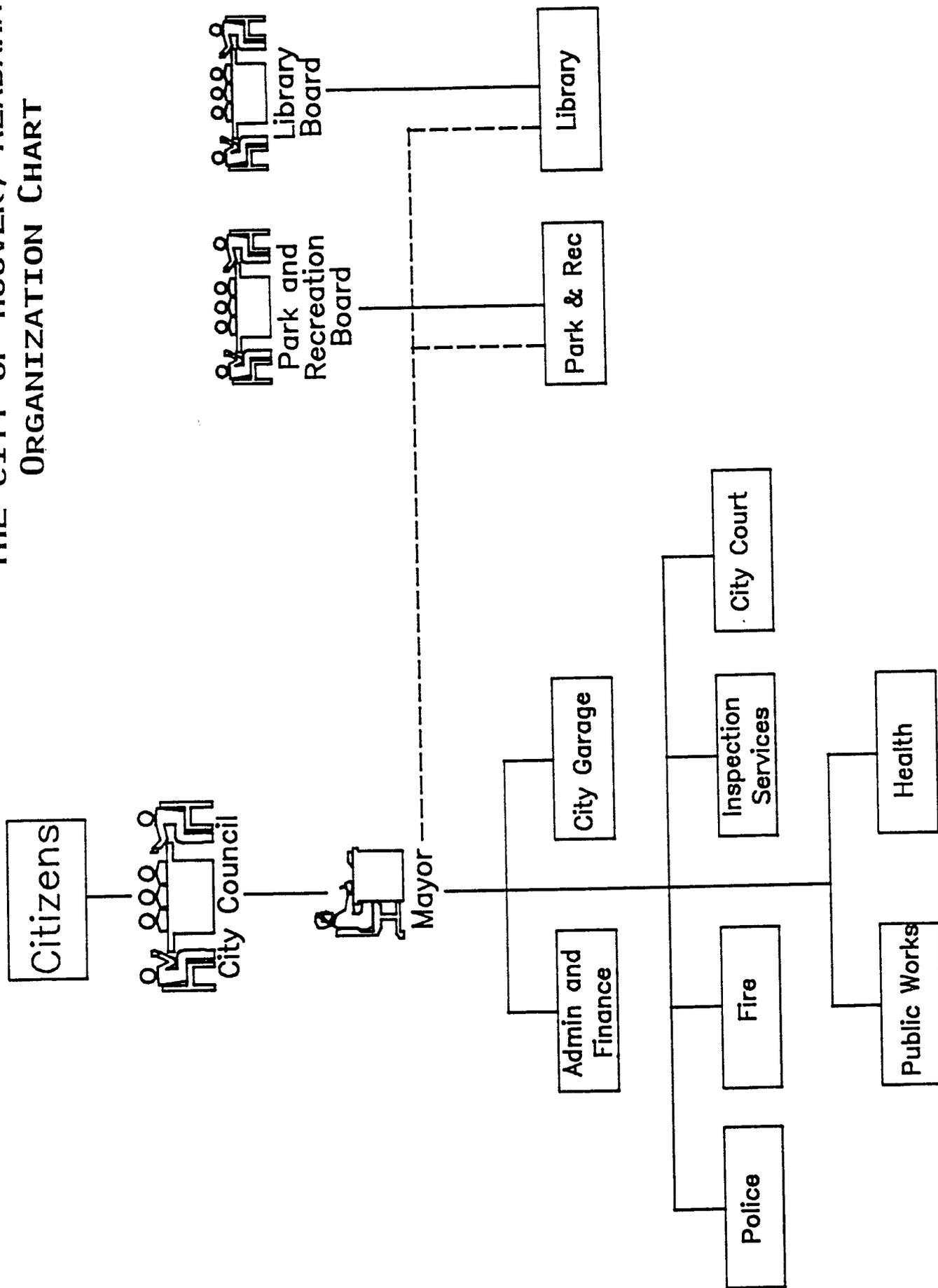
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# THE CITY OF HOOVER, ALABAMA ORGANIZATION CHART



Officials of The City of Hoover, Alabama

September 30, 1989

Mayor

Frank S. Skinner, Jr.

---

City Council

William J. Billingsley, President

David L. Bradley

Richard D. Linn

Barbara B. McCollum

Sheila A. Trimm

---

Assistant to the Mayor

John W. Campbell

---

Heads of Departments

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

Projects Manager  
Allen Pate

City Attorney  
Jack H. Harrison

Municipal Judges  
Joel C. Watson  
T. Brad Bishop

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**FINANCIAL SECTION**

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# Livings, Hill & Moody

Certified Public Accountants

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

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

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the City of Hoover, Alabama, and the combining, individual fund and account group financial statements and schedules of the City of Hoover, Alabama, as of and for the years ended September 30, 1989 and 1988, as listed in the table of contents. These financial statements and schedules are the responsibility of the City of Hoover, Alabama's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Hoover, Alabama, at September 30, 1989 and 1988, and the results of its operations and the cash flows of its proprietary fund for the years then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the combining, individual fund and account group financial statements and schedules referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Hoover, Alabama, at September 30, 1989 and 1988, and the results of operations of such funds and the cash flows of the proprietary fund for the years then ended, in conformity with generally accepted accounting principles.

Continued on page 22

Continued from page 21

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

*Livinge, Will : Moody*

November 24, 1989

GENERAL PURPOSE FINANCIAL STATEMENTS

THE CITY OF HOOVER, ALABAMA  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 September 30, 1989  
 (with comparative totals for September 30, 1988)

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Assets and other debits			
Assets			
Pooled cash and investments	\$ 538,825	\$655,187	\$862,350
Restricted cash	894,208	-	-
Receivables			
Taxes	60,810	-	-
Accounts	230,560	-	33,178
Due from other governments			
County	-	190,000	-
State	-	28,887	-
Due from other funds	-	6,313	-
Inventory	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-
Other debits			
Amount to be provided for retire- ment of general long-term debt	-	-	-
Total assets	<u>1,724,403</u>	<u>880,387</u>	<u>895,528</u>
Liabilities, equity and other credits			
Liabilities			
Bank overdraft	549,176	276	-
Accounts payable	294,055	1,744	-
Payroll taxes payable	113,752	-	-
Due to other funds	6,313	-	-
General long-term debt	-	-	-
Accrued compensated leave	802,628	-	-
Total liabilities	<u>1,765,924</u>	<u>2,020</u>	<u>-</u>
Equity and other credits			
Investment in general fixed assets	-	-	-
Contributed capital	-	-	-
Retained earnings(deficit)-unreserved	-	-	-
Fund balances(deficit)-unreserved	<u>(41,521)</u>	<u>878,367</u>	<u>895,528</u>
Total equity and other credits	<u>(41,521)</u>	<u>878,367</u>	<u>895,528</u>
Total liabilities, equity and other credits	<u>\$1,724,403</u>	<u>\$880,387</u>	<u>\$895,528</u>

Proprietary Fund Type	Account Groups		Totals	
	General Fixed Assets	General Long-Term Debt	(Memorandum Only)	
Sewer Enterprise			1989	1988
\$ 530,399	\$ -	\$ -	\$ 2,586,761	\$ 3,707,890
-	-	-	894,208	992,074
-	-	-	60,810	60,891
22,664	-	-	286,402	126,756
-	-	-	190,000	188,789
-	-	-	28,887	26,758
-	-	-	6,313	34,636
3,100	-	-	3,100	3,100
3,178,773	37,721,908	-	40,900,681	39,330,260
-	-	42,915,060	42,915,060	33,825,596
<u>3,734,936</u>	<u>37,721,908</u>	<u>42,915,060</u>	<u>87,872,222</u>	<u>78,296,750</u>
-	-	-	549,452	126,327
59,457	-	-	355,256	567,088
-	-	-	113,752	-
-	-	-	6,313	34,636
-	-	42,719,843	42,719,843	33,825,596
-	-	195,217	997,845	802,628
<u>59,457</u>	<u>-</u>	<u>42,915,060</u>	<u>44,742,461</u>	<u>35,356,275</u>
-	37,721,908	-	37,721,908	36,141,001
5,490,912	-	-	5,490,912	5,172,151
(1,815,433)	-	-	(1,815,433)	(1,550,076)
-	-	-	1,732,374	3,177,399
<u>3,675,479</u>	<u>37,721,908</u>	<u>-</u>	<u>43,129,761</u>	<u>42,940,475</u>
<u>\$3,734,936</u>	<u>\$37,721,908</u>	<u>\$42,915,060</u>	<u>\$87,872,222</u>	<u>\$78,296,750</u>

The accompanying notes are an integral part of this statement.

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THE CITY OF HOOVER, ALABAMA  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
 All Governmental Fund Types  
 For the fiscal year ended September 30, 1989  
 (with comparative totals for the fiscal year ended September 30, 1988)

	<u>Governmental Fund Types</u>			<u>Totals</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>	
				<u>1989</u>	<u>1988</u>
<b>Revenues</b>					
Taxes	\$14,936,802	\$ -	\$ -	\$14,936,802	\$13,202,171
Licenses and permits	3,219,790	-	-	3,219,790	2,719,683
Intergovernmental	534,075	508,988	-	1,043,063	1,021,781
Fines and forfeitures	404,469	-	-	404,469	295,758
Interest on investments	229,272	48,012	106,038	383,322	478,679
Stadium lease	302,140	-	-	302,140	280,368
Other	<u>292,010</u>	<u>250,565</u>	<u>65,017</u>	<u>607,592</u>	<u>233,438</u>
Total Revenues	<u>19,918,558</u>	<u>807,565</u>	<u>171,055</u>	<u>20,897,178</u>	<u>18,231,878</u>
<b>Expenditures</b>					
Current operations					
General government	2,078,774	-	-	2,078,774	2,504,863
Public safety	7,788,312	-	1,431	7,789,743	6,889,103
Municipal court	174,946	-	-	174,946	110,415
Streets and sanitation	2,138,540	403,757	-	2,542,297	2,288,101
Recreation	823,782	-	-	823,782	630,564
Library	632,757	-	-	632,757	571,997
Health	<u>124,523</u>	<u>-</u>	<u>-</u>	<u>124,523</u>	<u>105,317</u>
Total	<u>13,761,634</u>	<u>403,757</u>	<u>1,431</u>	<u>14,166,822</u>	<u>13,100,360</u>
Capital outlays	1,266,982	1,184	567,123	1,835,289	16,204,594
Debt service					
Principal	555,754	-	-	555,754	1,901,550
Interest	2,432,470	-	-	2,432,470	1,754,022
Issuance cost	94,421	-	-	94,421	226,072
Intergovernmental					
City Board of Education	<u>12,733,239</u>	<u>-</u>	<u>-</u>	<u>12,733,239</u>	<u>3,100,000</u>
Total Expenditures	<u>30,844,500</u>	<u>404,941</u>	<u>568,554</u>	<u>31,817,995</u>	<u>36,286,598</u>
Excess (deficiency) of revenues over (under) expenditures					
	<u>(10,925,942)</u>	<u>402,624</u>	<u>(397,499)</u>	<u>(10,920,817)</u>	<u>(18,054,720)</u>
Other financing sources (uses)					
Operating transfers in	-	25,052	150,000	175,052	6,449,744
Operating transfers out	(175,052)	-	-	(175,052)	(6,449,744)
General obligation school warrant proceeds	9,025,792	-	-	9,025,792	-
General obligation warrants and notes proceeds	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>450,000</u>	<u>25,142,066</u>
Total other financing sources	<u>9,300,740</u>	<u>25,052</u>	<u>150,000</u>	<u>9,475,792</u>	<u>25,142,066</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses					
	<u>(1,625,202)</u>	<u>427,676</u>	<u>(247,499)</u>	<u>(1,445,025)</u>	<u>7,087,346</u>
Fund balances (deficit) at beginning of year					
	<u>1,583,681</u>	<u>450,691</u>	<u>1,143,027</u>	<u>3,177,399</u>	<u>(3,909,947)</u>
Fund balances (deficit) at end of year					
	<u>\$ (41,521)</u>	<u>\$878,367</u>	<u>\$ 895,528</u>	<u>\$ 1,732,374</u>	<u>\$ 3,177,399</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 General and Special Revenue Funds  
 For the fiscal year ended September 30, 1989

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$14,958,000	\$14,936,802	\$(21,198)
Licenses and permits	2,990,000	3,219,790	229,790
Intergovernmental	767,000	534,075	(232,925)
Fines and forfeitures	270,000	404,469	134,469
Interest on investments	100,000	229,272	129,272
Stadium lease	385,000	302,140	(82,860)
Other	<u>309,000</u>	<u>292,010</u>	<u>(16,990)</u>
Total Revenues	<u>19,779,000</u>	<u>19,918,558</u>	<u>139,558</u>
Expenditures			
Current operations			
General government	2,010,900	2,078,774	(67,874)
Public safety	7,813,200	7,788,312	24,888
Municipal court	165,600	174,946	(9,346)
Streets and sanitation	2,159,000	2,138,540	20,460
Recreation	722,800	823,782	(100,982)
Library	645,000	632,757	12,243
Health	<u>132,200</u>	<u>124,523</u>	<u>7,677</u>
Total	13,648,700	13,761,634	(112,934)
Capital outlays	1,468,234	1,266,982	201,252
Debt service			
Principal	555,754	555,754	-
Interest	2,432,446	2,432,470	(24)
Issuance cost	100,000	94,421	5,579
Intergovernmental			
City Board of Education	<u>12,725,000</u>	<u>12,733,239</u>	<u>(8,239)</u>
Total Expenditures	<u>30,930,134</u>	<u>30,844,500</u>	<u>85,634</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,151,134)</u>	<u>(10,925,942)</u>	<u>225,192</u>
Other financing sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	(150,000)	(175,052)	(25,052)
General obligation school warrant proceeds	9,000,000	9,025,792	25,792
General obligation warrant proceeds	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Total other financing sources	<u>9,300,000</u>	<u>9,300,740</u>	<u>740</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$(1,851,134)</u>	<u>(1,625,202)</u>	<u>\$225,932</u>
Fund balances at beginning of year		<u>1,583,681</u>	
Fund balances (deficit) at end of year		<u>\$ (41,521)</u>	

<u>Special Revenue Funds</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
483,000	508,988	25,988
-	-	-
12,000	48,012	36,012
-	-	-
<u>200,000</u>	<u>250,565</u>	<u>50,565</u>
<u>695,000</u>	<u>807,565</u>	<u>112,565</u>
-	-	-
-	-	-
-	-	-
438,000	403,757	34,243
-	-	-
-	-	-
<u>438,000</u>	<u>403,757</u>	<u>34,243</u>
-	1,184	(1,184)
-	-	-
-	-	-
-	-	-
<u>438,000</u>	<u>404,941</u>	<u>33,059</u>
-	-	-
<u>257,000</u>	<u>402,624</u>	<u>145,624</u>
-	25,052	25,052
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>25,052</u>	<u>25,052</u>
<u>\$257,000</u>	427,676	<u>\$170,676</u>
	<u>450,691</u>	
	<u>\$878,367</u>	

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 Statements of Revenues, Expenses and Changes  
 in Retained Earnings (Deficit) - Proprietary Fund Type  
 Sewer Enterprise Fund  
 For the fiscal years ended September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Operating revenues		
Charges for services	\$ <u>202,457</u>	\$ <u>199,440</u>
Operating expenses		
Depreciation	201,187	198,168
Management fees	176,676	170,837
Utilities	86,435	68,884
Supplies	8,467	5,208
Repairs and maintenance	24,973	88,368
Professional fees	9,620	6,063
Telephone	1,010	969
Engineering fees	1,565	6,630
Bank charges	<u>121</u>	<u>64</u>
Total operating expenses	<u>510,054</u>	<u>545,191</u>
Operating income (loss)	(307,597)	(345,751)
Non-operating revenue - interest	<u>42,240</u>	<u>24,588</u>
Net income (loss)	(265,357)	(321,163)
Retained earnings (deficit) at beginning of year	<u>(1,550,076)</u>	<u>(1,228,913)</u>
Retained earnings (deficit) at end of year	<u>\$(1,815,433)</u>	<u>\$(1,550,076)</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 Statements of Cash Flows  
 Proprietary Fund Type - Sewer Enterprise Fund  
 Increase (Decrease) in Cash and Cash Equivalents  
 For the fiscal years ended September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Cash flows from operating activities		
Cash received from customers	\$ 196,195	\$ 202,305
Cash paid to suppliers	(124,524)	(138,488)
Cash paid to management company	<u>(176,676)</u>	<u>(170,837)</u>
Net cash used by operating activities	(105,005)	(107,020)
Cash flows from capital financing activities		
Capital contributions		
Government	150,000	600,000
Customers	168,761	236,687
Purchase of property, plant and equipment	(40,701)	(22,375)
Construction of capital assets	<u>(150,000)</u>	<u>(600,000)</u>
Net cash provided by capital financing activities	128,060	214,312
Cash flows from investing activities		
Interest on investments	<u>42,240</u>	<u>24,588</u>
Net increase in pooled cash and investments	65,295	131,880
Pooled cash and investments, beginning of year	<u>465,104</u>	<u>333,224</u>
Pooled cash and investments, end of year	<u>\$ 530,399</u>	<u>\$ 465,104</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$(307,597)	\$(345,751)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	201,187	198,168
(Increase) decrease in accounts receivable	(6,262)	2,865
Decrease in inventory	-	1,043
Increase in accounts payable	<u>7,667</u>	<u>36,655</u>
Net cash used by operating activities	<u>\$(105,005)</u>	<u>\$(107,020)</u>

The accompanying notes are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements  
September 30, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - Continued

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

B. Fund Accounting

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

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

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

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Governmental Funds:

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

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

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

Proprietary Fund:

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

Account Groups:

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for fixed assets of the City, which are not accounted for in the Proprietary Fund.

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Account Groups - Continued

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

C. Basis of Accounting

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

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Accounting - Continued

days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

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

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

D. Budgets

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for the Capital Projects Fund.

E. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of the formal budgetary process.

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Pooled Cash and Investments

Pooled cash includes amounts in demand and time deposits. State statutes authorize the City to invest in U.S. Government obligations, U.S. corporate debt, U.S. corporate equities, State of Alabama obligations, county obligations and other municipal obligations as well as bank certificates of deposit and bank public funds investment accounts. Investments are stated at cost.

G. Property Tax

Property is assessed and property taxes are collected by Jefferson and Shelby Counties. Property is assessed and property taxes attach as an enforceable lien on property as of October 1 of each fiscal year. The taxes are due and payable October 1 of the subsequent fiscal year and delinquent after January 1. Total assessed value of the property within the City, including motor vehicles, approximated \$371 million at October 1, 1988. The City's legal property tax rate is \$.65 per \$100 of assessed value.

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

H. Interfund Receivables/Payables

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

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Inventory

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

J. Fixed Assets

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

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

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

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

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Compensated Absences

An accrual is recorded for vested or accumulated absences (leave) in accordance with GAAP. Overtime pay and vacation pay are fully vested rights which are an obligation of the City. Additionally, a portion of each current employee's accumulated sick leave may be a vested benefit when he or she discontinues employment with the City. Vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability of the General Fund. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. No expenditure is reported for these amounts.

City employees had unused overtime pay, vacation pay and vested sick leave benefits totalling \$997,845 at September 30, 1989.

L. Long-term Obligations

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

M. Fund Equity

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

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

M. Fund Equity - Continued

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

N. General Obligation Warrant Discounts and Issuance Costs

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

O. Memorandum Only - Total Columns

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

P. Comparative Data

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

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

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

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

1. Prior to September 1, all departments of the City submit requests for appropriation to the City's Finance Director so that a budget may be prepared. The budget is prepared by fund, function and activity and includes actual information on the past year, current year estimates and requested appropriations for the next fiscal year.
2. Prior to October 1, the Mayor submits the appropriated budget to the City Council for the next fiscal year.
3. The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Finance Director.
4. Expenditures may not legally exceed budgeted appropriations at the activity level. The City Council may authorize expenditures from time to time during the year without legally amending the previously adopted budget. The City Council may legally amend the budget at any time during the fiscal year. During the year several supplementary appropriations were necessary.

NOTE 3 - POOLED CASH AND INVESTMENTS

The City maintains a cash management system in which substantially all cash is held in a bank public funds investment account. The City generally follows the practice of pooling cash of all funds within this investment account in order to maximize return.

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 3 - POOLED CASH AND INVESTMENTS - CONTINUED

Interest earned is allocated to each fund based upon the approximate proportionate balances of each fund's pooled cash and investments. It is the policy of the City not to allow individual funds to expend more monies than are available in their respective pooled cash and investment accounts.

Deposits -

At September 30, 1989, cash in checking accounts totalled \$36,767. Bank certificates of deposit totalled \$75,000. The cash and certificates of deposit are fully covered by federal depository insurance or by collateral held by the City's agent in the City's name.

Investments -

Investments in the bank public funds investment account are fully collateralized with negotiable securities held by the Federal Reserve Bank of Atlanta in the name of the City. All the funds invested by the City are classified in the category of lowest credit risk as defined by Statement 3 of the GASB. The carrying value (which approximates market value) of investments held at September 30, 1989 totalled \$2,474,994.

NOTE 4 - RESTRICTED CASH

The City maintains separate paying agent bank accounts into which monies are deposited to pay principal and interest amounts due on general obligation warrants which have a due date immediately after year-end. Restricted cash on deposit at September 30, 1989 totalled \$894,208.

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

## NOTE 5 - RECEIVABLES

## Taxes Receivable -

A summary of the items included in taxes receivable at September 30, 1989 and 1988 is set forth below:

	<u>1989</u>	<u>1988</u>
Beer tax	\$20,987	21,016
Other	<u>39,823</u>	<u>39,875</u>
Total	<u>\$60,810</u>	<u>\$60,891</u>

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

## Accounts Receivable -

A summary of the items included in accounts receivable at September 30, 1989 and 1988 is set forth below:

General Fund	<u>1989</u>	<u>1988</u>
Due from Hoover Chamber of Commerce	\$ 15,562	\$ -
Due from annexed property owners for fire dues paid to fire district by the City on property owners' behalf	32,196	43,984
Due from annexed residents for water system changeover paid to water board by the City on residents' behalf	18,048	23,366
Fines and forfeitures	149,893	29,811
Due from City Board of Education	<u>14,861</u>	<u>13,193</u>
Total General Fund accounts receivables	<u>230,560</u>	<u>110,354</u>

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

## NOTE 5 - RECEIVABLES

## Accounts Receivable - Continued

## Capital Projects Fund

Due from Southlake for  
reimbursement of sewer  
expansion costs

	<u>33,178</u>	<u>-</u>
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## Sewer Enterprise Fund

Sewer service charges

	<u>22,664</u>	<u>16,402</u>
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Total accounts receivable	<u>\$286,402</u>	<u>\$126,756</u>
---------------------------	------------------	------------------

No significant uncollectible accounts are anticipated on these receivables.

## NOTE 6 - CHANGES IN GENERAL FIXED ASSETS

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

	Balance October 1, <u>1988</u>	<u>Additions</u>	<u>Deductions</u>	Balance September 30, <u>1989</u>
Land	\$ 7,353,399	\$ 764,861	\$ -	\$ 8,118,260
Buildings	7,294,738	33,916	-	7,328,654
Improvements other than buildings	16,895,340	286,619	-	17,181,959
Equipment and vehicles	4,295,888	472,423	86,678	4,681,633
Construction in progress	<u>301,636</u>	<u>109,766</u>	<u>-</u>	<u>411,402</u>
Total	<u>\$36,141,001</u>	<u>\$1,667,585</u>	<u>\$86,678</u>	<u>\$37,721,908</u>

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

## NOTE 6 - CHANGES IN GENERAL FIXED ASSETS - CONTINUED

Construction in progress at September 30, 1989 consisted of expenditures for architectural and design fees for a new library (\$297,951), a parking lot addition (\$95,447) and consultant fees for a new civic center (\$18,004).

Proprietary Fund property, plant and equipment at September 30, 1989 and 1988 consisted of:

	Sewer Enterprise Fund	
	1989	1988
Equipment	\$ 68,346	\$ 19,033
Land	536,000	536,000
Sewer treatment plant	<u>3,713,777</u>	<u>3,572,389</u>
Total	4,318,123	4,127,422
Less - Accumulated depreciation	<u>(1,139,350)</u>	<u>(938,163)</u>
Net	<u>\$3,178,773</u>	<u>\$3,189,259</u>

## NOTE 7 - GENERAL LONG-TERM DEBT

General long-term debt of the City consists of general obligation warrants and bond payable and long-term liabilities reported in the General Long-Term Debt Account Group. A summary of general long-term debt transactions for the year ended September 30, 1989 is as follows:

General long-term debt at October 1, 1988	\$33,825,596
Warrants issued	9,450,000
Additions to accrued compensated leave	195,217
Warrants and bond retired	<u>(555,753)</u>
General long-term debt at September 30, 1989	<u>\$42,915,060</u>

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

## NOTE 7 - GENERAL LONG-TERM DEBT - CONTINUED

General long-term debt at September 30, 1989 is comprised of the following:

## General obligation warrants

(A) \$9,575,000 general obligation warrants, Series 1983; dated October 1, 1983; due \$350,000 to \$1,150,000 annually beginning October 1, 1985; interest at 8.20% to 9.00% due semi-annually commencing April 1, 1984	\$ 7,950,000
(B) \$17,500,000 general obligation warrants; dated September 1, 1988; issued September 29, 1988; due \$480,000 to \$1,705,000 annually beginning September 1, 1991; interest at 5.90% to 7.375% due semi-annually commencing March 1, 1989.	17,500,000
(C) \$7,550,000 general obligation warrants, dated May 1, 1987; issued September 29, 1988; due \$190,000 to \$845,000 annually beginning May 1, 1991; interest at 8.90% to 9.50% due semi-annually commencing November 1, 1988	7,550,000
(D) \$9,000,000 general obligation school warrants, dated September 1, 1989; due \$260,000 to \$850,000 annually beginning September 1, 1992; interest at 6.50% to 8.00% due semi-annually commencing March 1, 1990 (See Note 12)	9,000,000
(E) \$450,000 general obligation warrant, dated May 1, 1989, due \$50,000 annually beginning May 1, 1990 plus interest at 7.25%	<u>450,000</u>
Total	<u>42,450,000</u>

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

## NOTE 7 - GENERAL LONG-TERM DEBT - CONTINUED

## Bond payable

\$500,000 non-interest bearing Park and Recreation Board bond; dated April 7, 1987; due \$100,000 annually including interest (discount is based on imputed interest rate of 5.49%) 269,843

Accrued compensated leave 195,217

Total general long-term debt \$42,915,060

Annual debt service requirements to maturity for general long-term debt (including interest) at September 30, 1989 are as follows:

Year Ending September 30.	General <u>Obligation Warrants</u>		Park and Recreation <u>Board Bond</u>		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
1990	\$ 575,000	\$ 3,282,072	\$ 85,185	\$14,815	\$ 3,957,072
1991	1,270,000	3,232,759	89,862	10,138	4,602,759
1992	1,660,000	3,133,967	94,796	5,204	4,893,967
1993	1,785,000	3,004,989	-	-	4,789,989
1994	1,950,000	2,864,064	-	-	4,814,064
1995	2,090,000	2,708,389	-	-	4,798,389
1996	2,265,000	2,538,215	-	-	4,803,215
1997	2,450,000	2,351,294	-	-	4,801,294
1998	2,665,000	2,146,394	-	-	4,811,394
1999	2,840,000	1,922,754	-	-	4,762,754
2000	1,825,000	1,740,635	-	-	3,565,635
2001	1,980,000	1,603,459	-	-	3,583,459
2002	2,140,000	1,453,179	-	-	3,593,179
2003	2,315,000	1,290,339	-	-	3,605,339
2004	2,505,000	1,112,559	-	-	3,617,559
2005	2,700,000	919,279	-	-	3,619,279
2006	2,925,000	709,339	-	-	3,634,339
2007	3,165,000	480,944	-	-	3,645,944
2008	2,495,000	232,344	-	-	2,727,344
2009	<u>850,000</u>	<u>55,250</u>	<u>-</u>	<u>-</u>	<u>905,250</u>
	<u>\$42,450,000</u>	<u>\$36,782,224</u>	<u>\$269,843</u>	<u>\$30,157</u>	<u>\$79,532,224</u>

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

## NOTE 7 - GENERAL LONG-TERM DEBT - CONTINUED

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

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

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

## NOTE 8 - INTERFUND BALANCES

Individual due from/to other fund amounts at September 30, 1989 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ -	\$6,313
State Seven Cent Gasoline Tax Fund	4,695	-
State Four Cent Gasoline Tax Fund	<u>1,618</u>	<u>-</u>
Total	<u>\$6,313</u>	<u>\$6,313</u>

## NOTE 9 - SEWER ENTERPRISE FUND

The Sewer Enterprise Fund, which accounts for the operations of the sewer treatment plant, is the only proprietary fund maintained by the City. Segment information required to be disclosed by GAAP is effectively provided by the Sewer Enterprise Fund financial statements presented on pages 23, 24, 28 and 29.

The sewer treatment plant and plant additions are financed by general long-term debt. No long-term debt is recorded in the Sewer Enterprise Fund. The plant and plant additions have been charged as assets in the Sewer Enterprise Fund with a corresponding credit to contributed capital from other funds.

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

## NOTE 9 - SEWER ENTERPRISE FUND - CONTINUED

The Sewer Enterprise Fund incurred losses for the fiscal years ended September 30, 1989 and 1988 of \$265,357 and \$321,163, respectively. The Sewer Enterprise Fund has an accumulated deficit of \$1,815,433 at September 30, 1989. The City acquired the sewer treatment plant as a part of the Riverchase annexation. It was anticipated that the plant would operate at a deficit, but that the deficit incurred would be greatly offset by taxes and licenses revenues derived from the annexed area as well as by contributed capital from new customers in the form of tap fees. The City has received revenue from the annexed area vastly in excess of the sewer treatment plant operating deficit. Additionally, tap fees collected through September 30, 1989 totalled \$1,240,912.

## NOTE 10 - CONTRIBUTED CAPITAL - SEWER ENTERPRISE FUND

Contributed capital increased as follows:

	<u>1989</u>	<u>1988</u>
Customer tap fees	\$ 168,761	\$ 236,687
Government - Capital Projects Fund	<u>150,000</u>	<u>600,000</u>
Total	318,761	836,687
Contributed capital at beginning of year	<u>5,172,151</u>	<u>4,335,464</u>
Contributed capital at end of year	<u>\$5,490,912</u>	<u>\$5,172,151</u>

## NOTE 11 - OPERATING LEASES

The City, at September 30, 1989, does not have leases that should be capitalized pursuant to any of the four criteria listed in FASB Statement 13.

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 12 - COMMITMENTS

After formation of the City Board of Education (the Board), the City Council committed by resolution to make an annual contribution to the Board. The amount of the contribution is to be thirty (30) percent of City revenues from sales and use tax. This annual commitment was effective September 1, 1988. In the fiscal year ended September 30, 1989, the City contributed \$3,825,000 to the Board.

In fiscal 1989 the City contributed the net proceeds of the general obligation school warrants to the Board, the amount of which totalled \$8,908,239 (See Note 7). In order for the Board to receive this contribution from the City, the following conditions were agreed upon by the two entities:

1. The \$8,908,239 will be used for capital expenditures only.
2. The Board will repay all principal and interest amounts as and when due.
3. So long as the City's commitment noted in the above paragraph is still viable, the City has the right to deduct amounts as and when due for the school warrants from the amounts due the Board per the commitment.
4. In the event the commitment above is terminated, the Board will still be responsible for repayment of the school warrant obligation.

The City has elected not to record a receivable from the Board for amounts due as discussed above.

The City has a contract with a corporation to consult in the providing of services by the City to senior citizens and youth groups. At September 30, 1989 this contract had 2 years remaining at \$25,000 per year.

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 13 - DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City contributes to the Employees' Retirement System of Alabama (System), an agent multiple-employer retirement system that acts as a common investment and administrative agent for state employees and public organizations. The City's payroll for employees covered by the System for the year ended September 30, 1989 was \$7,806,751; total payroll was \$8,065,937.

All full-time employees are eligible to participate in the System. Benefits vest after 10 years of service. City employees who retire at or after age 60 with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.0125 percent of their final average compensation for each year of credited service. Final average compensation is defined as the average annual compensation of a member during the 3 years in the last 10 years of creditable service for which such average is highest. The System also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

City employees are required to contribute 5 percent of their annual compensation to the System. The City is required to contribute the remaining amounts necessary to fund the System, using the actuarial basis specified by statute.

B. Funding Status and Progress

The amount shown below as the "pension benefit obligation" (PBO) is a standardized disclosure measurement of the present value of pension benefits, adjusted for salary increases and step-rate benefits, estimated to be paid in the future as a result of employee service to date. The present value of the PBO on account of the active members of the System is added to the present value of the PBO to retired members and beneficiaries of the System to obtain the present value of all PBO's of the System. The measure is intended to help users assess the funding status of the System on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. This measurement is the

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

## NOTE 13 - DEFINED BENEFIT PENSION PLAN - CONTINUED

actuarial present value of credited projected benefits, and is independent of the funding method used to determine contributions to the System.

The PBO was computed as part of an actuarial valuation performed as of September 30, 1988. Significant actuarial assumptions used in the valuation include (a) a rate of return on investments of 8 1/4% compounded annually and (b) projected annual salary increases of 5% a year compounded annually.

Total unfunded PBO applicable to the City's employees was \$358,557 at September 30, 1988, as follows:

PBO	
Retirees, beneficiaries and terminated employees currently receiving benefits	\$ 274,204
Current employees	
Employee contributions	1,269,726
Employer-financed vested	108,879
Employer-financed non-vested	<u>1,979,639</u>
Total PBO	3,632,448
Net assets available for benefits (market value is \$3,258,176)	<u>3,273,891</u>
Unfunded PBO	<u>\$ 358,557</u>

C. Actuarially Determined Contribution Requirements and Contributions Made

The System's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees increase gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the City's employee group as a whole has tended to remain level as a percentage of annual covered payroll. The contribution rate for normal cost is determined using the credited projected benefits

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 13 - DEFINED BENEFIT PENSION PLAN - CONTINUED

C. Actuarially Determined Contribution Requirements and Contributions Made - Continued

actuarial funding method with proration based on service. The unfunded liability contributions are determined by subtracting the present value of prospective employer assets held from the present value of expected benefits to be paid by the System. The unfunded liability is being amortized over a 30 year period.

The contribution to the System for fiscal 1989 of \$813,282 was made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of September 30, 1988. The contribution consisted of \$748,500 of normal cost (9.59 percent of current covered payroll) and \$27,318 of the unfunded actuarial accrued liability (.35 percent of current covered payroll). The City contributed \$423,031 (5.42 percent of current covered payroll) and employees contributed \$390,250 (5 percent of current covered payroll). The actuarial valuation is made annually one year in arrears. The last valuation was at September 30, 1988. The System has informed the City that no significant changes have occurred during fiscal 1989.

D. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. For the three years ended September 30, 1986, 1987 and 1988, respectively, available assets were sufficient to fund 89.68, 91.91, and 90.13 percent of PBO. Unfunded PBO represents 4.15, 3.22 and 4.59 percent of the annual payroll for employees covered by the System for the same three year period. Showing unfunded PBO as a percentage of covered payroll approximately adjusts for the effects of inflation for analysis purposes. In addition, for the three year period, the City's contributions to the System, all made in accordance with actuarially determined requirements was 6.45 percent of annual covered payroll in 1986, and 5.42 percent of annual covered payroll in 1987 and 1988. The City joined the System in August, 1982. The first actuarial determination was made as of September 30, 1983. Therefore, the information disclosed above represents the PBO, net assets available for benefits and the unfunded liability since the City joined the System. The required historical trend information disclosure is shown on page 80 of this report.

THE CITY OF HOOVER, ALABAMA  
Notes to the Financial Statements - Continued  
September 30, 1989

NOTE 14 - CONTINGENT LIABILITIES

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

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. City management believes such disallowances, if any, will be immaterial.

NOTE 15 - BUDGETED AND FUND BALANCE DEFICITS

The General Fund annual budget reflected a budgeted deficit (excess of expenditures over revenues) of \$1,851,134 for fiscal 1989. This budgeted deficit is due to additional contributions being appropriated to the City Board of Education during the year which were to be funded from the cumulative unreserved fund balance.

The General Fund reflects a fund balance deficit of \$41,521 at September 30, 1989. This deficit results primarily from the substantial commitment of financial resources for the funding of education (see Note 12).

The Mayor and City Council are considering alternatives to eliminate the deficit. Among those alternatives being considered are the reduction of certain expenditures and further enhancement of revenues for education. City management believes that the deficit will be eliminated in a timely manner.

COMBINING, INDIVIDUAL FUND AND ACCOUNT  
GROUP STATEMENTS AND SCHEDULES

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## GENERAL FUND

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

THE CITY OF HOOVER, ALABAMA  
General Fund  
Comparative Balance Sheets  
September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
<b>Assets</b>		
Pooled cash and investments	\$ 538,825	\$1,721,198
Restricted cash	894,208	992,074
Receivables		
Taxes	60,810	60,891
Accounts	230,560	110,354
Due from other funds		
Seven cent gasoline tax fund	-	27,747
Total assets	<u>1,724,403</u>	<u>2,912,264</u>
<b>Liabilities and fund balances</b>		
<b>Liabilities</b>		
Bank overdraft	549,176	126,327
Accounts payable	294,055	392,739
Payroll taxes payable	113,752	-
Due to other funds		
Four cent gasoline tax fund	1,618	-
Seven cent gasoline tax fund	4,695	-
Capital projects fund	-	6,889
Accrued compensated leave	802,628	802,628
Total liabilities	1,765,924	1,328,583
Fund balances (deficit) - unreserved	<u>(41,521)</u>	<u>1,583,681</u>
Total liabilities and fund balances	<u>\$1,724,403</u>	<u>\$2,912,264</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
General Fund  
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances  
For the fiscal years ended September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Revenues		
Taxes	\$14,936,802	\$13,202,171
Licenses and permits	3,219,790	2,719,683
Intergovernmental	534,075	541,086
Fines and forfeitures	404,469	295,758
Interest on investments	229,272	332,276
Stadium lease	302,140	280,368
Other	<u>292,010</u>	<u>233,438</u>
Total revenues	<u>19,918,558</u>	<u>17,604,780</u>
Expenditures		
Current operations		
General government	2,078,774	2,504,863
Public safety	7,788,312	6,889,103
Municipal court	174,946	110,415
Streets and sanitation	2,138,540	1,877,805
Recreation	823,782	630,564
Library	632,757	571,997
Health	<u>124,523</u>	<u>105,317</u>
Total	13,761,634	12,690,064
Capital outlays	1,266,982	985,673
Debt service		
Principal	555,754	1,401,550
Interest	2,432,470	1,126,380
Issuance cost	94,421	51,953
Intergovernmental		
City Board of Education	<u>12,733,239</u>	<u>3,100,000</u>
Total Expenditures	<u>30,844,500</u>	<u>19,355,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,925,942)</u>	<u>(1,750,840)</u>
Other financing sources (uses)		
Operating transfers out	(175,052)	(6,449,744)
General obligation school warrant proceeds	9,025,792	-
General obligation warrant proceeds	<u>450,000</u>	<u>8,655,843</u>
Total other financing sources	<u>9,300,740</u>	<u>2,206,099</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,625,202)	455,259
Fund balances at beginning of year	<u>1,583,681</u>	<u>1,128,422</u>
Fund balances (deficit) at end of year	<u>\$ (41,521)</u>	<u>\$ 1,583,681</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
General Fund  
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the fiscal years ended September 30, 1989 and 1988

	1989		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues</b>			
Taxes	\$14,958,000	\$14,936,802	\$(21,198)
Licenses and permits	2,990,000	3,219,790	229,790
Intergovernmental	767,000	534,075	(232,925)
Fines and forfeitures	270,000	404,469	134,469
Interest on investments	100,000	229,272	129,272
Stadium lease	385,000	302,140	(82,860)
Other	<u>309,000</u>	<u>292,010</u>	<u>(16,990)</u>
Total revenues	<u>19,779,000</u>	<u>19,918,558</u>	<u>139,558</u>
<b>Expenditures</b>			
Current operations			
General government	2,010,900	2,078,774	(67,874)
Public safety	7,813,200	7,788,312	24,888
Municipal court	165,600	174,946	(9,346)
Streets and sanitation	2,159,000	2,138,540	20,460
Recreation	722,800	823,782	(100,982)
Library	645,000	632,757	12,243
Health	<u>132,200</u>	<u>124,523</u>	<u>7,677</u>
Total	13,648,700	13,761,634	(112,934)
Capital outlays	1,468,234	1,266,982	201,252
Debt service			
Principal	555,754	555,754	-
Interest	2,432,446	2,432,470	(24)
Issuance cost	100,000	94,421	5,579
Intergovernmental			
City Board of Education	<u>12,725,000</u>	<u>12,733,239</u>	<u>(8,239)</u>
Total expenditures	<u>30,930,134</u>	<u>30,844,500</u>	<u>85,634</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,151,134)</u>	<u>(10,925,942)</u>	<u>225,192</u>
<b>Other financing sources (uses)</b>			
Operating transfers out	(150,000)	(175,052)	(25,052)
General obligation school warrant proceeds	9,000,000	9,025,792	25,792
General obligation warrant proceeds	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Total other financing sources (uses)	<u>9,300,000</u>	<u>9,300,740</u>	<u>740</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$(1,851,134)</u>	<u>(1,625,202)</u>	<u>\$225,932</u>
Fund balances at beginning of year		<u>1,583,681</u>	
Fund balances (deficit) at end of year		<u>\$ (41,521)</u>	

1988		
Budget	Actual	Variance Favorable (Unfavorable)
\$12,870,000	\$13,202,171	\$ 332,171
3,221,000	2,719,683	(501,317)
415,000	541,086	126,086
230,000	295,758	65,758
100,000	332,276	232,276
-	280,368	280,368
<u>164,000</u>	<u>233,438</u>	<u>69,438</u>
<u>17,000,000</u>	<u>17,604,780</u>	<u>604,780</u>
2,461,952	2,504,863	(42,911)
6,871,700	6,889,103	(17,403)
112,900	110,415	2,485
1,872,400	1,877,805	(5,405)
688,500	630,564	57,936
604,200	571,997	32,203
<u>107,100</u>	<u>105,317</u>	<u>1,783</u>
12,718,752	12,690,064	28,688
892,470	985,673	(93,203)
915,550	1,401,550	(486,000)
1,768,450	1,126,380	642,070
-	51,953	(51,953)
<u>2,800,000</u>	<u>3,100,000</u>	<u>(300,000)</u>
<u>19,095,222</u>	<u>19,355,620</u>	<u>(260,398)</u>
<u>(2,095,222)</u>	<u>(1,750,840)</u>	<u>344,382</u>
-	(6,449,744)	(6,449,744)
-	-	-
-	<u>8,655,843</u>	<u>8,655,843</u>
-	<u>2,206,099</u>	<u>2,206,099</u>
<u>\$(2,095,222)</u>	455,259	<u>\$ 2,550,481</u>
	<u>1,128,422</u>	
	<u>\$ 1,583,681</u>	

The accompanying notes are an integral part of this statement.

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

For the fiscal year ended September 30, 1989

(with comparative actual amounts for the fiscal year ended September 30, 1988)

<u>Expenditures - Current Operations</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1988 Actual</u>
General government				
Administrative				
Personal services	\$ 637,800	\$ 616,478	\$21,322	\$ 578,887
Other	<u>1,266,500</u>	<u>1,358,793</u>	<u>(92,293)</u>	<u>1,828,221</u>
Total	<u>1,904,300</u>	<u>1,975,271</u>	<u>(70,971)</u>	<u>2,407,108</u>
Municipal garage				
Personal services	90,600	88,596	2,004	82,201
Other	<u>16,000</u>	<u>14,907</u>	<u>1,093</u>	<u>15,554</u>
Total	<u>106,600</u>	<u>103,503</u>	<u>3,097</u>	<u>97,755</u>
Total general government	<u>2,010,900</u>	<u>2,078,774</u>	<u>(67,874)</u>	<u>2,504,863</u>
Public safety				
Police				
Personal services	3,155,700	3,206,724	(51,024)	2,845,617
Other	<u>317,800</u>	<u>334,003</u>	<u>(16,203)</u>	<u>324,495</u>
Total	<u>3,473,500</u>	<u>3,540,727</u>	<u>(67,227)</u>	<u>3,170,112</u>
Fire				
Personal services	3,618,500	3,619,723	(1,223)	3,173,631
Other	<u>348,700</u>	<u>283,960</u>	<u>64,740</u>	<u>243,209</u>
Total	<u>3,967,200</u>	<u>3,903,683</u>	<u>63,517</u>	<u>3,416,840</u>
Inspection services				
Personal services	336,200	306,695	29,505	270,354
Other	<u>36,300</u>	<u>37,207</u>	<u>(907)</u>	<u>31,797</u>
Total	<u>372,500</u>	<u>343,902</u>	<u>28,598</u>	<u>302,151</u>
Total public safety	<u>7,813,200</u>	<u>7,788,312</u>	<u>24,888</u>	<u>6,889,103</u>
Municipal court				
Municipal court				
Personal services	116,200	116,538	(338)	78,174
Other	<u>49,400</u>	<u>58,408</u>	<u>(9,008)</u>	<u>32,241</u>
Total municipal court	<u>165,600</u>	<u>174,946</u>	<u>(9,346)</u>	<u>110,415</u>
Streets and sanitation				
Streets and sanitation				
Personal services	245,300	294,192	(48,892)	218,925
Other	<u>1,913,700</u>	<u>1,844,348</u>	<u>69,352</u>	<u>1,658,880</u>
Total streets and sanitation	<u>2,159,000</u>	<u>2,138,540</u>	<u>20,460</u>	<u>1,877,805</u>

Continued on Page 58

THE CITY OF HOOVER, ALABAMA  
 General Fund  
 Schedule of Current Expenditures  
 Budget and Actual  
 For the fiscal year ended September 30, 1989  
 (with comparative actual amounts for the fiscal year ended September 30, 1988)

<u>Expenditures - Current Operations</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1988 Actual</u>
Recreation				
Recreation				
Personal services	\$ 465,300	\$ 516,953	\$ (51,653)	\$ 416,416
Other	<u>257,500</u>	<u>306,829</u>	<u>(49,329)</u>	<u>214,148</u>
Total recreation	<u>722,800</u>	<u>823,782</u>	<u>(100,982)</u>	<u>630,564</u>
Library				
Library				
Personal services	493,000	479,576	13,424	413,266
Other	<u>152,000</u>	<u>153,181</u>	<u>(1,181)</u>	<u>158,731</u>
Total library	<u>645,000</u>	<u>632,757</u>	<u>12,243</u>	<u>571,997</u>
Health				
Health				
Personal services	47,400	39,566	7,834	43,002
Other	<u>84,800</u>	<u>84,957</u>	<u>(157)</u>	<u>62,315</u>
Total health	<u>132,200</u>	<u>124,523</u>	<u>7,677</u>	<u>105,317</u>
Total expenditures - current operations	<u>\$13,648,700</u>	<u>\$13,761,634</u>	<u>\$ (112,934)</u>	<u>\$12,690,064</u>

Continued from Page 57

The accompanying notes are an integral part of this schedule.

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## SPECIAL REVENUE FUNDS

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

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

State Seven Cent Gasoline Tax Fund accounts for proceeds of a 7 cent State gasoline tax. The use of these funds is restricted to expenditures related to construction, improvement and maintenance of highways, bridges and streets.

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

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

THE CITY OF HOOVER, ALABAMA  
 Special Revenue Funds  
 Combining Balance Sheet  
 September 30, 1989  
 (with comparative totals for September 30, 1988)

	<u>E-911</u>	<u>State Seven Cent Gasoline Tax</u>	<u>State Four Cent Gasoline Tax</u>	<u>County Road and Bridge Tax</u>	<u>Totals</u>	
					<u>1989</u>	<u>1988</u>
<b>Assets</b>						
Pooled cash and investments	\$286,145	\$14,804	\$306,224	\$ 48,014	\$655,187	\$270,206
Due from other governments						
County	-	-	-	190,000	190,000	188,789
State	-	18,275	10,612	-	28,887	26,758
Due from general fund	<u>-</u>	<u>4,695</u>	<u>1,618</u>	<u>-</u>	<u>6,313</u>	<u>-</u>
Total assets	<u>286,145</u>	<u>37,774</u>	<u>318,454</u>	<u>238,014</u>	<u>880,387</u>	<u>485,753</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Bank overdraft	276	-	-	-	276	-
Accounts payable	-	-	1,744	-	1,744	7,315
Due to general fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,747</u>
Total liabilities	<u>276</u>	<u>-</u>	<u>1,744</u>	<u>-</u>	<u>2,020</u>	<u>35,062</u>
Fund balances - unreserved	<u>285,869</u>	<u>37,774</u>	<u>316,710</u>	<u>238,014</u>	<u>878,367</u>	<u>450,691</u>
Total liabilities and fund balances	<u>\$286,145</u>	<u>\$37,774</u>	<u>\$318,454</u>	<u>\$238,014</u>	<u>\$880,387</u>	<u>\$485,753</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the fiscal year ended September 30, 1989  
(with comparative totals for the fiscal year ended September 30, 1988)

	E-911	State	State	County	Totals	
		Seven Cent Gasoline Tax	Four Cent Gasoline Tax	Road and Bridge Tax	1989	1988
<b>Revenues</b>						
Intergovernmental	\$ -	\$201,044	\$117,944	\$190,000	\$508,988	\$480,695
Interest on investments	13,006	562	23,653	10,791	48,012	18,114
Telephone surcharge	250,565	-	-	-	250,565	-
Total revenues	<u>263,571</u>	<u>201,606</u>	<u>141,597</u>	<u>200,791</u>	<u>807,565</u>	<u>498,809</u>
<b>Expenditures</b>						
Current operations						
Streets and sanitation						
Personal services	-	160,253	-	189,996	350,249	344,986
Other	-	-	51,938	-	51,938	60,120
Public safety						
Police						
Other	1,570	-	-	-	1,570	-
Total	1,570	160,253	51,938	189,996	403,757	405,106
Capital outlays	1,184	-	-	-	1,184	-
Total expenditures	<u>2,754</u>	<u>160,253</u>	<u>51,938</u>	<u>189,996</u>	<u>404,941</u>	<u>405,106</u>
Excess of revenues over expenditures	260,817	41,353	89,659	10,795	402,624	93,703
Other financing sources						
Operating transfers from General Fund	25,052	-	-	-	25,052	-
Excess of revenues and other financing sources over expenditures	285,869	41,353	89,659	10,795	427,676	93,703
Fund balances (deficit) at beginning of year	-	(3,579)	227,051	227,219	450,691	356,988
Fund balances at end of year	<u>\$285,869</u>	<u>\$ 37,774</u>	<u>\$316,710</u>	<u>\$238,014</u>	<u>\$878,367</u>	<u>\$450,691</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
E-911 Special Revenue Fund  
Balance Sheet  
September 30, 1989

## Assets

Pooled cash and investments	<u>\$286,145</u>
Total assets	<u>\$286,145</u>

## Liabilities and fund balance

## Liabilities

Bank overdraft	<u>276</u>
Total liabilities	<u>276</u>
Fund balance - unreserved	<u>285,869</u>
Total liabilities and fund balance	<u>\$286,145</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 E-911 Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the fiscal year ended September 30, 1989

Revenues		\$250,565
Telephone surcharge		<u>13,006</u>
Interest on investments		
Total revenues		<u>263,571</u>
Expenditures		
Current operations		
Public safety		
Police		1,570
Other		<u>1,184</u>
Capital outlays		
Total expenditures		<u>2,754</u>
Excess of revenues over expenditures		260,817
Other financing sources		
Operating transfers from General Fund		<u>25,052</u>
Excess of revenues and other financing sources over expenditures		285,869
Fund balance at beginning of year		<u>-</u>
Fund balance at end of year		<u>\$285,869</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 E-911 Special Revenue Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 For the fiscal year ended September 30, 1989

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Telephone surcharge	\$200,000	\$250,565	\$50,565
Interest on investments	<u>-</u>	<u>13,006</u>	<u>13,006</u>
Total revenues	<u>200,000</u>	<u>263,571</u>	<u>63,571</u>
 Expenditures			
Current operations			
Public safety			
Police			
Other	-	1,570	(1,570)
Capital outlays	<u>-</u>	<u>1,184</u>	<u>(1,184)</u>
Total expenditures	<u>-</u>	<u>2,754</u>	<u>(2,754)</u>
 Excess of revenues over expenditures	 200,000	 260,817	 60,817
 Other financing sources			
Operating transfers from General Fund	<u>-</u>	<u>25,052</u>	<u>25,052</u>
Excess of revenues and other financing sources over expenditures	<u>\$200,000</u>	285,869	<u>\$85,869</u>
 Fund balance at beginning of year		<u>-</u>	
 Fund balance at end of year		<u>\$285,869</u>	

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 State Seven Cent Gasoline Tax Special Revenue Fund  
 Comparative Balance Sheets  
 September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Assets		
Pooled cash and investments	\$14,804	\$ 6,957
Due from state government	18,275	17,211
Due from general fund	<u>4,695</u>	<u>-</u>
Total assets	<u>37,774</u>	<u>24,168</u>
Liabilities and fund balances		
Liabilities		
Due to general fund	<u>-</u>	<u>27,747</u>
Total liabilities	<u>-</u>	<u>27,747</u>
Fund balances (deficit) - unreserved	<u>37,774</u>	<u>(3,579)</u>
Total liabilities and fund balances	<u>\$37,774</u>	<u>\$24,168</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 State Seven Cent Gasoline Tax Special Revenue Fund  
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances  
 For the fiscal years ended September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Revenues		
Intergovernmental	\$201,044	\$187,354
Interest on investments	<u>562</u>	<u>2,595</u>
Total revenues	<u>201,606</u>	<u>189,949</u>
Expenditures		
Current operations		
Streets and sanitation		
Personal services	<u>160,253</u>	<u>221,976</u>
Total expenditures	<u>160,253</u>	<u>221,976</u>
Excess (deficiency) of revenues over (under) expenditures	41,353	(32,027)
Fund balances (deficit) at beginning of year	<u>(3,579)</u>	<u>28,448</u>
Fund balances (deficit) at end of year	<u>\$ 37,774</u>	<u>\$ (3,579)</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 State Seven Cent Gasoline Tax Special Revenue Fund  
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the fiscal years ended September 30, 1989 and 1988

	1989			1988		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$188,000	\$201,044	\$13,044	\$217,000	\$187,354	\$(29,646)
Interest on investments	2,000	562	(1,438)	5,000	2,595	(2,405)
Total revenues	190,000	201,606	11,606	222,000	189,949	(32,051)
Expenditures						
Current operations						
Streets and sanitation						
Personal services	188,000	160,253	27,747	222,000	221,976	24
Total expenditures	188,000	160,253	27,747	222,000	221,976	24
Excess (deficiency) of revenues over (under) expendi- tures	\$ 2,000	41,353	\$39,353	\$ -	(32,027)	\$(32,027)
Fund balances (deficit) at beginning of year		(3,579)			28,448	
Fund balances (deficit) at end of year		\$ 37,774			\$ (3,579)	

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 State Four Cent Gasoline Tax Special Revenue Fund  
 Comparative Balance Sheets  
 September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Assets		
Pooled cash and investments	\$306,224	\$224,819
Due from state government	10,612	9,547
Due from general fund	<u>1,618</u>	<u>-</u>
Total assets	<u>318,454</u>	<u>234,366</u>
Liabilities and fund balances		
Liabilities		
Accounts payable	<u>1,744</u>	<u>7,315</u>
Total liabilities	<u>1,744</u>	<u>7,315</u>
Fund balances - unreserved	<u>316,710</u>	<u>227,051</u>
Total liabilities and fund balances	<u>\$318,454</u>	<u>\$234,366</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 State Four Cent Gasoline Tax Special Revenue Fund  
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances  
 For the fiscal years ended September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Revenues		
Intergovernmental	\$117,944	\$104,552
Interest on investments	<u>23,653</u>	<u>10,096</u>
Total revenues	<u>141,597</u>	<u>114,648</u>
Expenditures		
Current operations		
Streets and sanitation		
Other	<u>51,938</u>	<u>60,120</u>
Total expenditures	<u>51,938</u>	<u>60,120</u>
Excess of revenues over expenditures	89,659	54,528
Fund balances at beginning of year	<u>227,051</u>	<u>172,523</u>
Fund balances at end of year	<u>\$316,710</u>	<u>\$227,051</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 State Four Cent Gasoline Tax Special Revenue Fund  
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the fiscal years ended September 30, 1989 and 1988

	1989			1988		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$105,000	\$117,944	\$12,944	\$100,000	\$104,552	\$ 4,552
Interest on investments	<u>5,000</u>	<u>23,653</u>	<u>18,653</u>	<u>3,000</u>	<u>10,096</u>	<u>7,096</u>
Total revenues	<u>110,000</u>	<u>141,597</u>	<u>31,597</u>	<u>103,000</u>	<u>114,648</u>	<u>11,648</u>
Expenditures						
Current operations						
Streets and sanitation						
Other	<u>60,000</u>	<u>51,938</u>	<u>8,062</u>	<u>44,700</u>	<u>60,120</u>	<u>(15,420)</u>
Total expenditures	<u>60,000</u>	<u>51,938</u>	<u>8,062</u>	<u>44,700</u>	<u>60,120</u>	<u>(15,420)</u>
Excess of revenues over expendi- tures	<u>\$ 50,000</u>	89,659	<u>\$39,659</u>	<u>\$ 58,300</u>	54,528	<u>\$(3,772)</u>
Fund balances at beginning of year		<u>227,051</u>			<u>172,523</u>	
Fund balances at end of year		<u>\$316,710</u>			<u>\$227,051</u>	

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
County Road and Bridge Tax Special Revenue Fund  
Comparative Balance Sheets  
September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Assets		
Pooled cash and investments	\$ 48,014	\$ 38,430
Due from county government	<u>190,000</u>	<u>188,789</u>
Total assets	<u>238,014</u>	<u>227,219</u>
Fund balances		
Fund balances - unreserved	<u>\$238,014</u>	<u>\$227,219</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 County Road and Bridge Tax Special Revenue Fund  
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances  
 For the fiscal years ended September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Revenues		
Intergovernmental	\$190,000	\$188,789
Interest on investments	<u>10,791</u>	<u>5,423</u>
Total revenues	<u>200,791</u>	<u>194,212</u>
Expenditures		
Current operations		
Streets and sanitation		
Personal services	<u>189,996</u>	<u>123,010</u>
Total expenditures	<u>189,996</u>	<u>123,010</u>
Excess of revenues over expenditures	10,795	71,202
Fund balances at beginning of year	<u>227,219</u>	<u>156,017</u>
Fund balances at end of year	<u>\$238,014</u>	<u>\$227,219</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 County Road and Bridge Tax Special Revenue Fund  
 Comparative Statements of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the fiscal years ended September 30, 1989 and 1988

	1989			1988		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues						
Intergovernmental	\$190,000	\$190,000	\$ -	\$120,000	\$188,789	\$68,789
Interest on investments	<u>5,000</u>	<u>10,791</u>	<u>5,791</u>	<u>3,000</u>	<u>5,423</u>	<u>2,423</u>
Total revenues	<u>195,000</u>	<u>200,791</u>	<u>5,791</u>	<u>123,000</u>	<u>194,212</u>	<u>71,212</u>
Expenditures						
Current operations						
Streets and sanitation						
Personal services	<u>190,000</u>	<u>189,996</u>	<u>4</u>	<u>123,000</u>	<u>123,010</u>	<u>(10)</u>
Total expenditures	<u>190,000</u>	<u>189,996</u>	<u>4</u>	<u>123,000</u>	<u>123,010</u>	<u>(10)</u>
Excess of revenues over expendi- tures	<u>\$ 5,000</u>	10,795	<u>\$5,795</u>	<u>\$ -</u>	71,202	<u>\$71,202</u>
Fund balances at beginning of year		<u>227,219</u>			<u>156,017</u>	
Fund balances at end of year		<u>\$238,014</u>			<u>\$227,219</u>	

The accompanying notes are an integral part of this statement.

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## CAPITAL PROJECTS FUND

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

THE CITY OF HOOVER, ALABAMA  
 Capital Projects Fund  
 Comparative Balance Sheets  
 September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Assets		
Pooled cash and investments	\$862,350	\$1,251,382
Accounts receivable	33,178	-
Due from general fund	<u>-</u>	<u>6,889</u>
Total assets	<u>895,528</u>	<u>1,258,271</u>
Liabilities and fund balances		
Liabilities		
Accounts payable	<u>-</u>	<u>115,244</u>
Total liabilities	-	115,244
Fund balances - unreserved	<u>895,528</u>	<u>1,143,027</u>
Total liabilities and fund balances	<u>\$895,528</u>	<u>\$1,258,271</u>

The accompanying notes are an integral part of this statement.

THE CITY OF HOOVER, ALABAMA  
 Capital Projects Fund  
 Comparative Statements of Revenues, Expenditures  
 and Changes in Fund Balances  
 For the fiscal years ended September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Revenues		
Interest on investments	\$ 106,038	\$ 121,321
Other	<u>65,017</u>	<u>-</u>
Total revenues	<u>171,055</u>	<u>121,321</u>
Expenditures		
Current operations		
Public safety	<u>1,431</u>	<u>-</u>
Capital outlays		
Sewer expansion	150,000	600,000
Road construction	-	50,000
Stadium facility	175,585	9,013,441
Industrial park infrastructure	1,070	2,718,373
Fire stations	34,358	1,553,736
Land acquisition	191,791	1,112,066
Civic center	<u>14,319</u>	<u>3,685</u>
Total	<u>567,123</u>	<u>15,051,301</u>
Debt service		
Principal	-	500,000
Interest	-	627,642
Issuance cost	<u>-</u>	<u>174,119</u>
Total	<u>-</u>	<u>1,301,761</u>
Total expenditures	<u>568,554</u>	<u>16,353,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(397,499)</u>	<u>(16,231,741)</u>
Other financing sources		
Operating transfers in	150,000	6,449,744
General obligation warrant proceeds	-	15,986,223
Proceeds of long-term notes	<u>-</u>	<u>500,000</u>
Total other financing sources	<u>150,000</u>	<u>22,935,967</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(247,499)	6,704,226
Fund balances (deficit) at beginning of year	<u>1,143,027</u>	<u>(5,561,199)</u>
Fund balances at end of year	<u>\$ 895,528</u>	<u>\$ 1,143,027</u>

The accompanying notes are an integral part of this statement.

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## ENTERPRISE FUND

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

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

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THE CITY OF HOOVER, ALABAMA  
Sewer Enterprise Fund  
Comparative Balance Sheets\*  
September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Assets		
Current assets		
Pooled cash and investments	\$ 530,399	\$ 465,104
Sewer service charges receivable	22,664	16,402
Inventory	<u>3,100</u>	<u>3,100</u>
Total current assets	<u>556,163</u>	<u>484,606</u>
Property, plant and equipment		
Equipment	68,346	19,033
Land	536,000	536,000
Sewer treatment plant	<u>3,713,777</u>	<u>3,572,389</u>
Total property, plant and equipment	4,318,123	4,127,422
Less accumulated depreciation	<u>(1,139,350)</u>	<u>(938,163)</u>
Net property, plant and equipment	<u>3,178,773</u>	<u>3,189,259</u>
Total assets	<u>3,734,936</u>	<u>3,673,865</u>
Liabilities and equity		
Current liabilities		
Accounts payable	<u>59,457</u>	<u>51,790</u>
Total current liabilities	<u>59,457</u>	<u>51,790</u>
Equity		
Contributed capital		
Government	4,250,000	4,100,000
Customers	<u>1,240,912</u>	<u>1,072,151</u>
Total contributed capital	5,490,912	5,172,151
Retained earnings (deficit) - unreserved	<u>(1,815,433)</u>	<u>(1,550,076)</u>
Total equity	<u>3,675,479</u>	<u>3,622,075</u>
Total liabilities and equity	<u>\$3,734,936</u>	<u>\$3,673,865</u>

\*A statement of revenues, expenses and changes in retained earnings (deficit) for the Sewer Enterprise Fund is presented on Page 28 of this report. A statement of cash flows for the Sewer Enterprise Fund is presented on Page 29.

The accompanying notes are an integral part of this statement.

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## GENERAL FIXED ASSETS ACCOUNT GROUP

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

THE CITY OF HOOVER, ALABAMA  
 Comparative Schedule of General Fixed  
 Assets By Source  
 September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
General fixed assets		
Land	\$ 8,118,260	\$ 7,353,399
Buildings	7,328,654	7,294,738
Improvements other than buildings	17,181,959	16,895,340
Equipment and vehicles	4,681,633	4,295,888
Construction in progress	<u>411,402</u>	<u>301,636</u>
Total general fixed assets	<u>37,721,908</u>	<u>36,141,001</u>
Investment in general fixed assets by source		
Park and recreation board bond	427,146	427,146
General obligation warrants	22,262,713	21,812,713
Long-term notes payable	500,000	500,000
Federal grants	1,256,344	1,256,344
General revenues	10,288,880	9,157,973
Donations and annexations	<u>2,986,825</u>	<u>2,986,825</u>
Total investment in general fixed assets	<u>\$37,721,908</u>	<u>\$36,141,001</u>

The accompanying notes are an integral part of this schedule.

THE CITY OF HOOVER, ALABAMA  
 Schedule of General Fixed Assets  
 by Function and Activity  
 September 30, 1989

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Equipment and Vehicles</u>
General government					
Administration	\$ 6,917,277	\$2,176,056	\$4,314,450	\$ -	\$ 426,771
Municipal garage	<u>287,968</u>	<u>-</u>	<u>254,492</u>	<u>-</u>	<u>33,476</u>
Total general government	<u>7,205,245</u>	<u>2,176,056</u>	<u>4,568,942</u>	<u>-</u>	<u>460,247</u>
Public safety					
Police	1,039,474	-	-	-	1,039,474
Fire	4,605,940	385,277	2,199,070	-	2,021,593
Inspection	<u>77,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,554</u>
Total public safety	<u>5,722,968</u>	<u>385,277</u>	<u>2,199,070</u>	<u>-</u>	<u>3,138,621</u>
Municipal court	<u>3,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,391</u>
Streets and sanitation	<u>1,226,526</u>	<u>-</u>	<u>508,985</u>	<u>-</u>	<u>717,541</u>
Recreation	<u>23,019,969</u>	<u>5,556,927</u>	<u>51,657</u>	<u>17,181,959</u>	<u>229,426</u>
Library	<u>113,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,893</u>
Health	<u>18,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,514</u>
Total general fixed assets allocated to functions	<u>37,310,506</u>	<u>\$8,118,260</u>	<u>\$7,328,654</u>	<u>\$17,181,959</u>	<u>\$4,681,633</u>
Construction in progress	<u>411,402</u>				
Total general fixed assets	<u>\$37,721,908</u>				

The accompanying notes are an integral part of this schedule.

THE CITY OF HOOVER, ALABAMA  
 Schedule of Changes in General Fixed Assets  
 by Function and Activity  
 For the fiscal year ended September 30, 1989

<u>Function and Activity</u>	<u>General Fixed Assets October 1, 1988</u>	<u>Additions</u>	<u>Deductions</u>	<u>General Fixed Assets September 30, 1989</u>
General government				
Administration	\$ 6,991,323	\$ 12,632	\$86,678	\$ 6,917,277
Municipal garage	<u>286,370</u>	<u>1,598</u>	<u>-</u>	<u>287,968</u>
Total general government	<u>7,277,693</u>	<u>14,230</u>	<u>86,678</u>	<u>7,205,245</u>
Public safety				
Police	931,273	108,201	-	1,039,474
Fire	4,348,413	257,527	-	4,605,940
Inspection	<u>75,329</u>	<u>2,225</u>	<u>-</u>	<u>77,554</u>
Total public safety	<u>5,355,015</u>	<u>367,953</u>	<u>-</u>	<u>5,722,968</u>
Municipal court	<u>2,950</u>	<u>441</u>	<u>-</u>	<u>3,391</u>
Streets and sanitation	<u>1,174,080</u>	<u>52,446</u>	<u>-</u>	<u>1,226,526</u>
Recreation	<u>21,938,648</u>	<u>1,081,321</u>	<u>-</u>	<u>23,019,969</u>
Library	<u>72,465</u>	<u>41,428</u>	<u>-</u>	<u>113,893</u>
Health	<u>18,514</u>	<u>-</u>	<u>-</u>	<u>18,514</u>
Construction in progress	<u>301,636</u>	<u>109,766</u>	<u>-</u>	<u>411,402</u>
Total general fixed assets	<u>\$36,141,001</u>	<u>\$1,667,585</u>	<u>\$86,678</u>	<u>\$37,721,908</u>

The accompanying notes are an integral part of this schedule.

## GENERAL LONG-TERM DEBT ACCOUNT GROUP

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

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THE CITY OF HOOVER, ALABAMA  
 Comparative Schedule of General Long-Term Debt  
 September 30, 1989 and 1988

	<u>1989</u>	<u>1988</u>
Amount available and to be provided for the payment of general long-term debt		
Amount to be provided from general fund revenues	<u>\$42,915,060</u>	<u>\$33,825,596</u>
Total available and to be provided	<u>\$42,915,060</u>	<u>\$33,825,596</u>
 General long-term debt		
Park and Recreation Board bond payable	269,843	350,596
General obligation warrants payable	42,450,000	33,475,000
Accrued compensated leave	<u>195,217</u>	<u>-</u>
Total general long-term debt	<u>\$42,915,060</u>	<u>\$33,825,596</u>

The accompanying notes are an integral part of this schedule.

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**SUPPLEMENTAL INFORMATION**

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

Plan Year Ended September 30 (A)	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1)/(2)	(4) Unfunded PBO (2)-(1)	(5) Annual Covered Payroll	Unfunded PBO As a Percentage of Covered Payroll (4)/(5)
1983	\$ 336,964	\$ 564,691	59.67%	\$227,727	\$1,930,284	11.80%
1984	664,838	1,081,851	61.45%	417,013	2,339,581	17.82%
1985	1,027,524	1,364,869	75.28%	337,345	3,127,442	10.79%
1986	1,682,417	1,876,066	89.68%	193,649	4,668,667	4.15%
1987	2,453,819	2,669,871	91.91%	216,052	6,712,481	3.22%
1988	3,273,891	3,632,448	90.13%	358,557	7,806,751	4.59%

\* Unaudited

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

Source: Employee's Retirement System of Alabama

PBO = Pension Benefit Obligation

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

<u>Fiscal Year</u>	<u>Sales and Use Tax</u>	<u>Property Tax</u>	<u>In Lieu of Property Tax</u>	<u>Auto Tax</u>	<u>Rental Tax</u>	<u>Total</u>
1986	\$ 7,576,464	\$ 899,553	\$41,622	\$ 87,686	\$50,824	\$ 8,656,149
1987	10,415,505	1,154,186	38,217	115,342	47,928	11,771,178
1988	11,607,404	1,380,883	28,146	138,019	47,719	13,202,171
1989	12,716,945	1,980,915	34,836	155,060	49,046	14,936,802

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

Source: City annual financial reports.

**STATISTICAL SECTION**

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety (B)</u>	<u>Streets and Sanitation</u>	<u>Recreation</u>	<u>Library</u>
1980	\$ 326,888	\$1,192,370	\$ 631,747	\$ 25,476	\$ -
1981	355,476	1,646,729	796,141	34,078	-
1982	374,992	1,901,025	894,441	43,985	-
1983	498,738	2,398,310	1,028,819	60,666	87,328
1984	578,632	2,712,438	1,119,255	84,878	237,187
1985	949,720	3,433,347	1,560,209	181,071	391,958
1986	1,752,087	5,050,302	1,797,103	251,955	428,796
1987	2,069,240	6,025,411	2,272,864	491,369	507,896
1988	2,504,863	6,999,518	2,288,101	630,564	571,997
1989	2,078,774	7,964,689	2,542,297	823,782	632,757

Continued on Page 83

- (A) This schedule includes the General, Special Revenue and Capital Projects Funds.
- (B) Municipal Court, which is a separate function from Public Safety in these financial statements for Fiscal 1984 through 1989, is included in Public Safety for this presentation to afford comparability with prior years.
- (C) City Board of Education was formed October 5, 1987 and began operation of the school system on August 29, 1988.
- (D) The deficit shown for fiscal years 1982, 1983 and 1984 resulted from a contractual agreement to subsidize the operating cost of a private sewer treatment plant prior to its acquisition by the City. Subsequent to its acquisition by the City, operating results are reported in the Proprietary Fund.

Source: City annual financial reports.

<u>Health</u>	<u>Capital Outlays</u>	<u>Debt Service</u>	<u>City Board of Education (C)</u>	<u>Sewer Treatment Plant Operating Deficit (D)</u>	<u>Total</u>
\$ 2,785	\$ 6,761	\$ 44,200	\$ -	\$ -	\$ 2,230,227
33,488	90,123	51,216	-	-	3,007,251
34,771	343,341	47,351	-	411,000	4,050,906
50,747	2,456,536	46,626	-	189,000	6,816,770
47,481	5,704,698	1,589,970	-	17,898	12,092,437
56,638	5,354,721	1,103,150	-	-	13,030,814
62,995	3,688,824	1,432,019	-	-	14,464,081
84,646	8,650,166	1,472,053	-	-	21,573,645
105,317	16,204,594	3,881,644	3,100,000	-	36,286,598
124,523	1,835,289	3,082,645	12,733,239	-	31,817,995

Continued from Page 82

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

<u>Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Intergovernmental</u>
1980	\$1,345,886	\$ 563,330	\$ 239,512
1981	1,906,789	725,199	367,455
1982	2,392,226	987,557	630,008
1983	2,639,030	1,165,863	728,679
1984	5,008,427	1,378,351	826,258
1985	6,191,443	1,745,746	885,437
1986	8,656,149	1,902,237	889,399
1987	11,771,178	2,631,011	890,915
1988	13,202,171	2,719,683	1,021,781
1989	14,936,802	3,219,790	1,043,063

Continued on Page 85

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

Source: City annual financial reports.

<u>Fines and Forfeitures</u>	<u>Interest</u>	<u>Stadium Lease (B)</u>	<u>Other</u>	<u>Total</u>
\$ 49,708	\$ 61,318	-	\$ 19,370	\$2,279,124
70,598	71,125	-	45,654	3,186,820
97,629	172,948	-	97,756	4,378,124
154,976	172,460	-	83,717	4,944,725
184,417	576,573	-	60,998	8,035,024
176,043	677,996	-	47,718	9,724,383
207,288	161,037	-	527,031	12,343,141
255,711	207,925	-	161,826	15,918,566
295,758	480,062	280,368	233,438	18,233,261
404,469	383,322	302,140	607,592	20,897,178

Continued from Page 84

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THE CITY OF HOOVER, ALABAMA  
Property Tax Levies and Collections\*  
Last Ten Fiscal Years

## Jefferson County:

<u>Beginning October 1</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Tax Collections To Tax Levy</u>
1979	\$ 322,435	\$ 290,389	90.1%	\$ 3,899	\$ 294,288	91.3%
1980	307,398	300,585	97.8	4,597	305,182	99.3
1981	511,955	506,149	98.9	2,736	508,885	99.4
1982	677,381	664,336	98.1	3,333	667,669	98.6
1983	714,276	708,853	99.2	17,004	725,857	101.6
1984	757,461	743,416	98.1	7,915	751,331	99.2
1985	795,568	781,553	98.2	3,438	784,991	98.7
1986	1,021,885	1,008,165	98.7	3,161	1,011,326	99.0
1987	1,186,046	1,179,185	99.4	6,186	1,185,371	99.9
1988	1,751,174	1,655,850	94.6	383	1,656,233	94.6

Shelby County:

<u>Beginning October 1</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections</u>	<u>Percent of Tax Collections To Tax Levy</u>
1981 (A)	\$ 44,270	\$ 43,823	99.0%
1982	96,336	92,322	95.8
1983	174,915	160,162	91.6
1984	292,169	290,013	99.3
1985	112,638	114,562	101.7
1986	143,242	142,860	99.7
1987	210,662	195,512	92.8
1988	328,393	324,682	98.9

\* Unaudited

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

Source: Jefferson and Shelby County Tax Collectors.

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

Located in Jefferson County:

Assessment Date October 1	<u>Real Property (A)</u>		<u>Personal Property (A)</u>	
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
1979	\$ 42,694,228	\$ 325,294,765	\$ 2,729,254	\$13,647,620
1980	52,485,366	380,443,592	7,413,358	37,066,790
1981	71,377,534	513,464,935	8,363,282	41,816,410
1982	73,447,751	539,124,610	8,106,453	40,532,265
1983	75,855,907	552,538,060	8,794,191	43,970,955
1984	78,306,515	568,866,298	8,956,959	44,784,795
1985	111,225,401	808,350,049	11,360,483	56,802,415
1986	125,892,258	884,824,401	18,981,584	94,907,920
1987	197,510,028	1,329,041,058	26,457,290	132,286,450
1988	207,967,118	1,408,265,431	28,331,826	141,659,130

Located in Shelby County:

1980 (C)	5,210,600	26,053,000	-	-
1981	12,260,860	61,304,300	384,020	1,920,100
1982	11,164,640	55,823,200	13,597,920	67,989,600
1983	12,347,960	61,739,800	30,194,940	150,974,700
1984	14,536,000	72,680,000	500,040	2,500,200
1985	17,668,840	88,344,200	633,180	3,165,900
1986	25,740,940	128,704,700	1,416,320	7,081,600
1987	45,294,040	226,470,200	2,225,340	11,126,700
1988	53,956,020	269,780,100	4,214,000	21,070,000

Continued on Page 88

- \* Unaudited  
 (A) Excludes public utilities and motor vehicles.  
 (B) Includes real and personal property  
 (C) The City annexed an area in North Shelby County in 1980.  
 Prior to that annexation, the City was located entirely in Jefferson County.

Source: Jefferson and Shelby County Tax Assessors

<u>Public Utility Property (B)</u>		<u>Total</u>		<u>Ratio of Total Assessed to Total Estimated Actual Value</u>
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
\$ 1,448,880	\$ 4,829,600	\$ 46,872,362	\$ 343,771,985	13.6
18,257,460	60,858,200	78,156,184	478,368,582	16.3
23,044,740	76,815,800	102,785,556	632,097,145	16.3
29,617,140	98,625,076	111,171,344	678,281,951	16.4
33,097,460	99,292,380	117,747,558	695,801,395	16.9
35,131,660	116,988,420	122,395,134	730,639,513	16.8
36,620,700	121,946,931	159,206,584	987,099,395	16.1
39,880,100	132,800,733	184,753,942	1,112,533,054	16.6
44,875,440	149,435,215	268,842,758	1,610,762,723	16.7
48,758,880	162,367,070	285,057,824	1,712,291,631	16.6
1,612,020	8,060,100	6,822,620	34,113,100	20.0
2,193,540	10,967,700	14,838,420	74,192,100	20.0
2,147,500	10,737,500	26,910,060	134,550,300	20.0
2,555,720	12,778,600	45,098,620	225,493,100	20.0
2,292,900	11,464,500	17,328,940	86,644,700	20.0
3,808,220	19,041,100	22,110,240	110,551,200	20.0
5,333,580	26,667,900	32,490,840	162,454,200	20.0
3,002,720	15,013,600	50,522,100	252,610,500	20.0
2,566,960	12,834,800	60,736,980	303,684,900	20.0

Continued from Page 87

## THE CITY OF HOOVER, ALABAMA

Property Tax Rates - Direct and Overlapping Governments\*  
 (Per \$100 of Assessed Value)  
 Last Ten Fiscal Years

Jefferson County:

Fiscal Year Ended September 30	City of Hoover General Fund	Jefferson County				State of Alabama	Total Tax
		County	County Schools	School Special	County Total		
1980	\$ .65	\$1.35	\$ .82	\$1.39	\$3.56	\$ .65	\$4.86
1981	.65	1.35	.82	1.39	3.56	.65	4.86
1982	.65	1.35	.82	1.39	3.56	.65	4.86
1983	.65	1.35	.82	1.39	3.56	.65	4.86
1984	.65	1.35	.82	1.39	3.56	.65	4.86
1985	.65	1.35	.82	1.39	3.56	.65	4.86
1986	.65	1.35	.82	1.39	3.56	.65	4.86
1987	.65	1.35	.82	1.39	3.56	.65	4.86
1988	.65	1.35	.82	1.39	3.56	.65	4.86
1989	.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	School Special	County Total		
1982 (A)	\$ .65	\$ .75	\$1.20	\$ .40	\$2.35	\$ .65	\$3.65
1983	.65	.75	1.20	.40	2.35	.65	3.65
1984	.65	.75	1.20	.40	2.35	.65	3.65
1985	.65	.75	1.50	.40	2.65	.65	3.95
1986	.65	.75	1.50	.40	2.65	.65	3.95
1987	.65	.75	1.50	.40	2.65	.65	3.95
1988	.65	.75	1.50	.40	2.65	.65	3.95
1989	.65	.75	1.50	.40	2.65	.65	3.95

\* Unaudited

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

Source: Jefferson and Shelby County Tax Collectors.

THE CITY OF HOOVER, ALABAMA  
Principal Property Taxpayers\*  
For the fiscal year ended September 30, 1989

	<u>City Ad Valorem Taxes</u>	<u>Percentage of Total Property Taxes Collected (A)</u>
South Central Bell	\$297,777	15.0%
RGB Ventures	152,754	7.7%
Harbert-Equitable Joint Venture	57,905	2.9%
Blue Cross-Blue Shield of Alabama	49,216	2.5%
Rime Village	36,247	1.8%
Polar-Bek	20,126	1.0%
Federated Department Store	20,108	1.0%
Harbert Companies	19,350	1.0%
Macy's, Inc.	17,439	.9%
Alabama Power Company	<u>16,656</u>	<u>.9%</u>
Total	<u>\$687,578</u>	<u>34.7%</u>

\* Unaudited

(A) Excludes motor vehicles

Source: Jefferson and Shelby County Tax Collectors.

THE CITY OF HOOVER, ALABAMA  
Computation of Legal Debt Margin\*  
September 30, 1989

Assessed value of property	<u>\$370,910,744</u>	(A)
Debt limit - 20 percent of total assessed value	74,182,149	
Amount of debt applicable to debt limit	<u>26,634,843</u>	(B)
Legal debt margin	<u>\$ 47,547,306</u>	

\* Unaudited

- (A) Includes assessed valued of motor vehicles totaling \$25,115,940.
- (B) Legally excludes general long-term debt issued for the purpose of acquiring, providing, or constructing school houses and sewers.

Source: Jefferson County and Shelby County Tax Assessors.

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

<u>Fiscal Year</u>	<u>Federal Census Population</u>	<u>Assessed Value</u>	<u>General Obligation Debt</u>	<u>Ratio of Debt to Assessed Value</u>	<u>General Obligation Debt per Capita</u>
1980	19,792	\$ 49,431,960	\$ 180,553	.37%	\$ 9.12
1981	19,792	46,872,362	15,000	.03	.76
1982	19,792	84,978,804	-	-	-
1983	19,792	117,623,976	2,375,000	2.02	120.00
1984	19,792	138,081,404	10,925,000	7.91	551.99
1985	19,792	162,846,178	10,775,000	6.62	544.41
1986	19,792	139,724,074	10,257,000	7.35	518.24
1987 (A)	31,319	192,914,341 (C)	19,827,146 (B)	10.28	633.07
1988	31,319	235,696,242 (C)	33,825,596	14.35	1,080.03
1989	31,319	341,716,138 (C)	42,719,843	12.50	1,364.02

\* Unaudited

(A) Special census.

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

(C) Includes assessed value of motor vehicles.

Source: City annual financial reports.

THE CITY OF HOOVER, ALABAMA  
 Ratio of Annual Debt Service Expenditures for  
 General Obligation Debt to Total General Governmental Expenditures  
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Debt Service</u>	<u>Total General Expenditures (A)</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1980	\$ 44,200	\$2,230,227	1.98%
1981	51,216	3,007,251	1.70
1982	47,351	4,050,906	1.17
1983	46,626	6,816,770	.68
1984	1,589,970	12,092,437	13.15
1985	1,103,150	13,030,814	8.46
1986	1,432,019	14,464,081	9.90
1987	1,433,623	21,573,645	6.64
1988	3,881,644	36,286,598	10.70
1989	3,082,645	31,817,995	9.69

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

Source: City annual financial reports.

THE CITY OF HOOVER, ALABAMA  
 Computation of Direct and Overlapping Debt\*  
 September 30, 1989

	Total Debt <u>Outstanding</u>	Percentage Applicable to City of <u>Hoover</u>	Amount Applicable to City of <u>Hoover</u>
Direct Debt			
City of Hoover - general long-term debt	\$ <u>42,915,060</u>	100.0%	\$ <u>42,915,060</u>
Overlapping Debt			
Jefferson County	120,224,187	8.5%	10,219,056
Jefferson County Board of Education	15,513,964	8.5%	1,318,687
Shelby County	32,232,500	10.3%	3,319,947
Shelby County Board of Education	<u>19,165,318</u>	10.3%	<u>1,974,028</u>
Total overlapping debt	<u>187,135,969</u>		<u>16,831,718</u>
Total direct and overlapping debt	<u>\$230,051,029</u>		<u>\$59,746,778</u>

\* Unaudited

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

THE CITY OF HOOVER, ALABAMA  
Demographic Statistics\*

<u>Year</u>	<u>Population</u>	<u>Median Household Income</u>	<u>School Age Individuals</u>	<u>Unemployment Rate</u>
1968	410 (A)	**	**	**
1970	1,393 (A)	\$14,000	483 (A)	5.4% (B) (C)
1973	3,594 (A)	**	**	4.5% (B) (C)
1980	19,792 (A)	30,069	5,031 (A)	2.8% (A) (D)
1983	22,000 (E)	**	**	12.7% (B) (C)
1984	22,500 (E)	**	**	9.8% (B) (C)
1985	30,000 (E)	**	**	6.6% (B) (C)
1986	30,500 (E)	**	**	7.7% (B) (C)
1987	31,319 (A)	**	**	6.7% (B) (C)
1988	34,000 (E)	**	5,300 (F)	5.8% (B) (C)
1989	40,000 (E)	**	5,556 (F)	5.5% (B) (C)

\* Unaudited

\*\* Information not available

- (A) Source: Federal census.
- (B) Source: State Department of Industrial Relations.
- (C) Jefferson County unemployment rate.
- (D) City of Hoover unemployment rate.
- (E) Estimate by City.
- (F) Estimate by City Board of Education.

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

Year	Commercial Construction (A)		Residential Construction (A)		Bank Deposits (B)	Retail Sales (A)(C)
	Number of Units	Value	Number of Units	Value		
1980	25	\$ 1,756,000	71	\$ 4,438,000	\$114,300,000	\$120,900,000
1981	26	20,528,000	43	2,857,000	126,800,000	173,800,000
1982	40	5,402,000	58	4,055,000	145,300,000	208,500,000
1983	26	4,874,000	692	23,951,000	165,400,000	229,000,000
1984	48	83,901,000	268	19,480,000	185,500,000	292,000,000
1985	19	22,165,000	345	23,085,000	195,300,000	328,400,000
1986	99	55,639,000	287	26,598,308	205,000,000	537,000,000
1987	251	56,108,000	395	35,170,000	223,400,000	698,300,000
1988	194	38,061,643	358	37,592,249	272,976,000	729,020,000
1989	322	63,716,547	206	27,808,568	317,120,000	740,900,000

\* Unaudited  
 (A) Source: City records.  
 (B) Source: Various City banks.  
 (C) Estimated

THE CITY OF HOOVER, ALABAMA  
Miscellaneous Statistical Data\*  
September 30, 1989

Date of incorporation: May 18, 1967		Recreations:	
		Number of parks	9 (E)
Form of government: Mayor-Council (5 members)		Acres of parks and lakes	163 (E)
Area: 26 square miles (A)			
Miles of street:		Public safety:	
Paved	415 (A)	Number of fire stations	6
Unpaved	0 (A)	Number of police stations	1
Miles of sewers:		Population:	
Sanitary	115 (A)	1968 federal census (special)	410
Storm	125 (A)	1970 federal census	1,393
		1973 federal census (special)	3,594
Number of City employees:		1980 federal census	19,792
Administrative	19	1987 federal census (special)	31,319
Garage	3	1989 estimate	40,000
Police	91	Number of housing units:	
Fire	98	Owner occupied	9,942
Inspection services	9	Renter occupied	6,352
Street and sanitation	25	Vacant	<u>858</u>
Library	33	Total	<u>17,152</u> (F)
Recreation	24		
Municipal court	3	Value of housing units:	
Health	<u>2</u>	Median value	\$98,875 (F)
Total	<u>307</u> (B)		
Public schools:		Income:	
Established - August 29, 1988		Per capita	\$13,508 (F)
Enrollment - 5,556		Family	\$38,376 (F)
Buildings - one high school; one middle school; and five elementary schools		Percentage of population <u>above</u> poverty level in 1979	96%(C)
Budget - approximately \$21 million		Median age	34 (G)
Education:			
Percentage of high school graduates	91% (C)		
Major employers:			
The City's major employers are engaged in service, utilities, retail sales, construction and insurance. (D)			

## \* Unaudited

- (A) Source: City Engineer (Amounts are approximate).  
 (B) Source: City payroll records, September 30, 1989.  
 (C) Source: 1980 federal census.  
 (D) Source: Birmingham Regional Planning Commission  
 (E) Source: Director of Parks and Recreation, City of Hoover.  
 (F) Source: House Consultants, Independent Consulting Firm  
 (G) Source: 1987 federal census (special).