

RESOLUTION NUMBER 6719-22

A RESOLUTION AUTHORIZING THE ADOPTION OF A GENERAL FUND ROLLING RESERVE POLICY AND THE ESTABLISHMENT OF A BUDGET STABILIZATION FUND

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Hoover, in regular meeting duly assembled, a quorum being present, as follows:

SECTION 1. It is hereby established and declared that the following General Fund Rolling Reserve Policy is hereby adopted. The requirements of the General Fund Rolling Reserve Policy are set forth below.

- (a) The City of Hoover General Fund Rolling Reserve shall be based upon a 5, 10, 15, and 20-year analysis of total revenues for the City of Hoover. The percent of change for each of those comparisons yields a four percent (4%) average increase in revenues each year as shown in Exhibit 1 attached hereto. The four percent (4%) average increase will be used to base the upper budgeted revenue limit.
- (b) The City of Hoover will commit to spend only seventy percent (70%) of that increase with the remaining thirty percent (30%) being deposited into a Budget Stabilization Fund for any subsequent years that City revenues do not meet the four percent (4%) projected growth. Revenues received in excess of the four percent (4%) increase will be set aside for directed spending funds for technology, debt, capital improvements, or any other projects as recommended by the Mayor and approved by the Hoover City Council.
 - (1) Example One: If the City's revenues for a fiscal year are \$150,000,000, then the City will estimate that the next year's revenues will be a 4% increase, or an increase of \$6,000,000. The City commits to spending only 70% of the \$6,000,000 increase, or \$4,200,000. The remainder of the increase, \$1,800,000, will be placed into a Budget Stabilization Fund to be used for any subsequent years that revenues fall short of the 4% projected growth.
 - (2) Example Two: If the City's revenues show an actual increase above the 4% growth, such as a 6% growth, then using the revenues in Example One, the increase based upon \$150,000,000 revenues would be \$9,000,000. The City would commit to spending the same as above - \$4,200,000 - saving \$1,800,000 in the Budget Stabilization Fund, and setting aside the remaining \$3,000,000 for directed spending funds for technology, debt, capital improvements,

or any other project as recommended by the Mayor and approved by the Hoover City Council.

SECTION 2. The City Treasurer or designee shall establish a Budget Stabilization Fund to be funded by excess revenue. The Budget Stabilization Fund shall be used only when revenues do not meet the projected growth mark.

SECTION 3. This resolution is permanent and shall become effective immediately upon adoption.

ADOPTED this the 20th day of June, 2022.

John B. Lyda, President of the City Council

APPROVED:

Frank V. Brocato, Mayor

ATTESTED:

Wendy Dickerson, City Clerk

EXHIBIT 1

5 Year Comparison

YEAR	GENERAL FUND REVENUES	% OF GROWTH
2016	\$ 111,389,935	1%
2017	\$ 110,455,100	-1%
2018	\$ 114,726,093	4%
2019	\$ 134,047,450	17%
2020	\$ 134,735,964	1%
AVERAGE % GROWTH		4%

15 Year Comparison

YEAR	GENERAL FUND REVENUES	% OF GROWTH
2006	\$ 93,930,433	7%
2007	\$ 96,390,050	3%
2008	\$ 95,696,972	-1%
2009	\$ 87,731,082	-8%
2010	\$ 89,679,493	2%
2011	\$ 92,084,686	3%
2012	\$ 96,968,802	5%
2013	\$ 96,453,588	-1%
2014	\$ 107,180,816	11%
2015	\$ 109,927,119	3%
2016	\$ 111,389,935	1%
2017	\$ 110,455,100	-1%
2018	\$ 114,726,093	4%
2019	\$ 134,047,450	17%
2020	\$ 134,735,964	1%
AVERAGE % GROWTH		3%

10 Year Comparison

YEAR	GENERAL FUND REVENUES	% OF GROWTH
2011	\$ 92,084,686	3%
2012	\$ 96,968,802	5%
2013	\$ 96,453,588	-1%
2014	\$ 107,180,816	11%
2015	\$ 109,927,119	3%
2016	\$ 111,389,935	1%
2017	\$ 110,455,100	-1%
2018	\$ 114,726,093	4%
2019	\$ 134,047,450	17%
2020	\$ 134,735,964	1%
AVERAGE % GROWTH		4%

20 Year Comparison

YEAR	GENERAL FUND REVENUES	% OF GROWTH
2001	\$ 64,590,055	
2002	\$ 67,998,633	5%
2003	\$ 74,315,819	9%
2004	\$ 81,563,983	10%
2005	\$ 87,652,941	7%
2006	\$ 93,930,433	7%
2007	\$ 96,390,050	3%
2008	\$ 95,696,972	-1%
2009	\$ 87,731,082	-8%
2010	\$ 89,679,493	2%
2011	\$ 92,084,686	3%
2012	\$ 96,968,802	5%
2013	\$ 96,453,588	-1%
2014	\$ 107,180,816	11%
2015	\$ 109,927,119	3%
2016	\$ 111,389,935	1%
2017	\$ 110,455,100	-1%
2018	\$ 114,726,093	4%
2019	\$ 134,047,450	17%
2020	\$ 134,735,964	1%
AVERAGE % GROWTH		4%