AGENDA ITEM HISTORY SHEET

ITEM TITLE	AGENDA NO. 7
Resolution 2025-50 Reserve Policy	AGENDA DATE: 12/15/2025

FUNDING CERTIFICATION (Finance Director) (Signature, if applicable) 12/9/25

MANAGEMENT STAFF REVIEW (Signature)

MAYOR (Signature)

ITEM HISTORY (Previous Council reviews, action related to this item, and other pertinent history)

The City is adopting the Reserve policy for the contingency, operating, and debt portions of the draft policy in the 2026 Budget Book. The City hopes to live with this new policy for a year, then consider bringing it back for the Capital and Grant portions of the draft from the 2027 Budget Book.

ITEM COMMENTARY (Background discussion, key points, recommendations, etc.) Please identify any or all impacts this proposed action would have on the City budget, personnel resources, and/or residents.

(This section to be completed by the Mayor)

ACTION PROPOSED (Motion for Consideration)

Motion to approve and adopt new policy.

RESOLUTION NO. 2025 - _____

RESOLUTION REGARDING A RESERVE POLICY FOR THE CITY OF BRYANT

WHEREAS, The City Council of the City of Bryant desires to adopt this attached updated Reserve Policy.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BRYANT, ARKANSAS THAT:

1. The City Council of the City of Bryant hereby adopts the attached updated Reserve Policy.

PASSED AND APPROVED this 16th day of December, 2025.

APPROVED: _____
Chris Treat, Mayor

ATTEST: _____
Mark Smith, City Clerk

Adequate reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength. Maintenance of fund reserves for each major fund (determined by Administration to be General, Street, Stormwater, Water and Wastewater funds) assures adequate resources for cash flow and to mitigate short-term effects of revenue shortages. Reserve funds are necessary to enable the City to deal with unforeseen emergencies or changes in condition.

General Policy

The City shall maintain reserves required by law, ordinance and/or bond covenants. All expenditures drawn from reserve accounts shall require prior Council approval unless previously authorized by the City Council for expenditure within the City's annual budget. Any expenditures will comply with our purchasing policy. If reserves and/or fund balances fall below required levels as set by this policy, the City shall include within its annual budget a plan to restore reserves and/or fund balance to the required levels. All reserves will be presented in the City's annual budget.

A. Contingency Reserve

The City will maintain a contingency fund and shall maintain a reserve equal to $1,000,000 for each major fund to provide a financial reserve to cover revenue shortfalls resulting from unexpected economic changes or recessionary periods or to provide funds in the event of major unplanned expenditures the City could face as a result of natural disasters. City wide total this would be $5,000,000.

B. Operating Reserve

The City will maintain an operating reserve to provide for adequate cash flow, budget issues, and insurance reserves. The operating reserve will be determined as follows: The City will maintain a cash flow reserve in an amount a minimum of 90 days of budgeted payroll expenditures by major fund. The City will review this annually during budget preparations.

C. Debt Reserve

The City will maintain at a minimum one annual payment of principal and interest related to each debt issuance both short term (less than 5 years) and long term.

Excess Reserve

The City may use excess above the targeted reserve levels for:

A) new expenditures, with emphasis on one-time uses that achieve future operation cost reductions,
B) capital asset investments with a long-term benefit of prepaying existing debt,
C) employee bonuses, retirement benefits or
D) interest earning investments allowed by state law.