

# Public Statement: Finance Committee Recommendation to Strengthen Contingency Reserves

On April 1st, the Finance Committee of the Children’s Trust of Alachua County (CTAC) met to review the organization’s financial position, risk environment, and alignment with industry standards for Children’s Services Councils (CSCs) and similar special districts. After careful consideration, the Committee agreed to bring forward a recommendation to the Board to increase the contingency reserve target—from two months of operating costs to a minimum of three months.

This recommendation is grounded in established financial best practices and reflects the benchmark ranges commonly used across CSCs nationwide. Industry guidance indicates that unassigned fund balance reserves for CSC-type entities typically range from approximately 25% to 50% of annual operating expenditures, or roughly three to six months of operating costs. Most organizations in this sector maintain reserves in the 30% to 40% range, which auditors and governing boards generally view as a sound and responsible standard.

Moving to a minimum three-month reserve target positions CTAC at the entry point of that professional benchmark range, strengthening financial stability while remaining disciplined in the use of public resources.

## **Why This Adjustment Is Prudent and Responsible**

Children’s Services Councils operate in a financial environment that differs from traditional city or county governments. As a special tax district, CTAC faces structural factors that require a stronger financial safety margin, including:

- **Revenue timing risk** — Property tax collections may occur later in the fiscal year, while provider reimbursements and contractual obligations continue throughout the year
- **Contractual commitments** — Multi-year service agreements require continuity of funding regardless of short-term cash timing fluctuations
- **Limited revenue flexibility** — Millage rates are capped, and changes often require voter approval
- **Public accountability** — Maintaining adequate reserves demonstrates prudent stewardship and protects the continuity of services for children and families

These realities make contingency planning an essential component of responsible financial management.

## **What This Recommendation Means for the Community**

Increasing the contingency reserve target is not about withholding resources from programs. Rather, it is about ensuring that services remain stable and reliable—even during unexpected events or economic uncertainty.

A stronger reserve position allows CTAC to:

- Protect critical services for children and families during economic or operational disruptions
- Maintain uninterrupted provider funding despite timing differences in revenue collections
- Respond quickly to emerging community needs or emergencies
- Demonstrate sound financial governance consistent with national best practices for special districts

## **A Measured and Balanced Approach**

The Finance Committee's recommendation reflects a measured, data-driven adjustment, not a dramatic policy shift. Moving from two months to three months of contingency reserves represents a prudent step toward alignment with industry standards while continuing to prioritize investment in programs that deliver the greatest impact for the community.

As stewards of public funds, CTAC remains committed to balancing service delivery, financial stability, and long-term sustainability. Establishing a minimum three-month contingency reserve ensures that the organization remains resilient, prepared, and accountable to the families and taxpayers it serves.