CENTRAL HEALTH
TRAVIS COUNTY HOSPITAL DISTRICT

BOARD OF MANAGERS POLICY

Policy Title: Financial Reserve Funds Policy		
Policy #: FIN1-013P		
Effective Date: 04/2026		
Board Review and Revision Date:		
Board Initial Approval Date: 04/22/2026		
Administration Policy Owner: Finance		
Administration Executive Sponsor: Chief Financial Officer		
Administration Standard Operation Procedure(s): **Attachments: None**		
☒ **Central Health**	☐ **Sendero**	☐ **CommUnityCare**

I. PURPOSE

To define the financial reserve funds policies maintained by Central Health and to establish the policy framework for the management, use, and oversight of the District's reserves in support of financial stability, operational continuity, and long-term sustainability.

Central Health maintains three separate reserves, with a policy for each: an emergency reserve, a contingency reserve, and a public health center reserve. These reserves are established and managed to address unforeseen emergencies, temporary or structural financial issues, or funding related to the HRSA Public Health Center of Central Health and CommUnityCare. Reserves are also maintained to preserve or improve the bond rating(s) of Central Health.

The Central Health Board of Managers shall oversee the establishment, funding, and use of reserve funds in accordance with adopted financial policies, budgetary practices, and applicable regulations.

II. POLICY STATEMENT

It is the policy of Central Health to maintain appropriate reserve funds to ensure financial resilience, continuity of operations, management of known and unknown risks, and responsible fiscal stewardship in the following reserves:

Emergency Reserve Policy

Central Health's emergency reserve will serve as a funding source for unusual or unforeseen emergency circumstances, e.g., natural disasters, pandemics, or severe business disruptions. The emergency reserve will normally be set at 15% of budgeted ongoing expenses. The level of emergency reserves will be set annually through adoption of the budget. Use of funds will require approval of the Central Health Board. A plan to replenish reserve levels should be developed and approved within 60 days of use of funds or the next Central Health Board of Manager's meeting after the expiration of this period.

Contingency Reserve Policy

The contingency reserve is funded through the–unallocated ending balance of Central Health and is a source for one-time expenditures or ongoing expenditures that create cyclical or temporary structural deficits. Cyclical deficits are caused by temporary decreases in revenue, increases in ongoing expenses, or by one-time, nonrecurring expenses that cannot be funded through current revenue. Structural deficits are caused by an excess of projected annual expense over projected annual revenue over periods of up to several fiscal years. Contingency reserves may be used as part of a plan for correcting structural deficits; however, structural fixes such as an increase to revenue and/or reductions to expenses should be considered. The contingency reserve will be appropriated annually for the use of unpredictable or misaligned funding sources that may occur within Central Health's fiscal year.

Public Health Center Cash Reserve Policy

Central Health shall establish a Public Health Center Reserve (PHCR) to serve as a source of emergency cash funding in the event of an unforeseen event(s) within the HRSA-approved Public Health Center.

Use of the Central Health reserve funds requires approval or ratification by the Central Health Board of Managers. In the event funds are utilized, the Central Health Board of Managers must be notified within 72 hours, or as soon as practicable. Additionally, a repayment plan for any funds used must be presented to the Board within forty-five (45) days of such use.

On an annual basis, the reserve funding amount shall be reviewed and may be adjusted as necessary to ensure that the aggregate level of cash on hand is equivalent to at least thirty (30) days of cash on hand based on CommUnityCare financial information.

The Board shall exercise its discretion in approving use of the appropriate reserves and adhering to the policies in a manner consistent with applicable law, sound governance practices, and the best interests of the District and the community it serves.

III. DELEGATION OF AUTHORITY

Consistent with law and direction of the Board of Managers, the Board of Managers delegates to the President and Chief Executive Officer, or designee, the to carry out this policy.

IV. REVIEW CYCLE

This policy shall be reviewed at least every two (2) years, or more frequently if required by law, regulation, or governance need.

VI. **RELEVANT STATUTES, REGULATIONS OR GUIDANCE**

VII. **RELATED POLICIES AND PROCEDURE**

Annual Budget Policy

Document Information

Document Title

Financial Reserve Funds Policy

Document Description

N/A

Approval Information

Approved On:	05/15/2026
Approved By:	Andy Buhl
Approval Expires:	05/12/2028
Approval Type:	Manual Entry
Document Location:	/ Finance
Keywords:	N/A
Printed By:	Andy Buhl
Revision Number:	1.0
Standard References:	BOM
Note:	This copy will expire in 24 hours