

VILLAGE OF HOMEWOOD – Contingency Fund

The Village of Homewood recognizes that there are instances during the fiscal year operations where expenses are incurred that could not have been anticipated during the time of the budget discussions and budget approval. With this in mind, the Village will attempt to budget each year a contingency fund in the Finance Department budget equal to 1% of total general fund expenses.

A list of expenses appropriate for use of this contingency fund are:

- Equipment Failure
- Unplanned Legal
- Overtime Costs due to community disruption for example
- Spikes in fuel and energy costs
- Unexpected recruitment costs due to unforeseen position openings
- Information Technology Service over runs
- Risk Management (IRMA) Insurance over runs

The process to request an allocation of the 1% Contingency Fund is:

1. Department Head email to the Director of Finance with details of what unbudgeted expense has occurred requiring dollars from the contingency funds.
2. The Finance Director, Assistant Finance Director, and Finance Assistant will review and make a recommendation to the Village Manager.
3. Village Manager will confirm or over rule Finance decision.
4. Department Head will be notified of the decision.

Expenses using contingency fund dollars will follow current Purchasing Policy thresholds:

- A. Village Board approval if expense is over \$20,000
- B. Village Manager approval if expense is between \$5,000 and \$20,000
- C. EXCEPTION: No Contingency Fund dollars will be approved under \$5,000. These smaller items can be funded by finding current budgeted dollars in the department and redirecting those dollars to the unbudgeted expense.