

Budget Policy

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 talks 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
- Costs for example Overtime, in community disruption
- Spikes in fuel and energy costs
- Excess costs for example recruitment 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 if over \$20,000
- B. Village Manager if expense is \$5,000 to \$20,000
- C. EXCEPT 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.