

Contingency Operating Fund**1. PURPOSE**

The Contingency Operating Fund (the Fund), although an extension of the general operating fund, is maintained as a separate fund. Its sole purpose is to cover cash flow situations where cash levels from the general operating fund become insufficient to cover operating expenses.

2. AUTHORIZED USES OF THE FUND

- 2.1.** Due to a timing issue, a significantly large budgeted expenditure is required to be paid before enough funds have been collected through monthly assessments;
- 2.2.** Due to a timing issue, a significantly large prepaid expense, such as the annual insurance renewal, is required to be paid when cash demands exceed cash supply.
- 2.3.** In the unlikelihood of unanticipated significantly large unbudgeted expenses causing the operating fund to be depleted, such as an insurance claim deductible, lawsuits, fines enacted by the state or federal government, and liabilities incurred as an employer, the Fund can be used to continue paying normal operating expenses.

3. THE FUND WILL BE REGULATED AS FOLLOWS:

- 3.1.** The Fund shall maintain a balance of \$1,000,000.
- 3.2.** The amount in the Fund will be reviewed annually during budget study by the GRF Finance Committee with a recommendation to the Board to determine if balance under section 3.1 is reasonable with general industry trends in the areas of risk and liability for the following fiscal year.
- 3.3.** Necessary draws from the Fund will be determined by the Director of Finance solely to meet with provisions under 2.1 and 2.2 of this governing document.
- 3.4.** Necessary draws from the Fund under section 2.3, shall require the approval of the Board of Directors.
- 3.5.** The Fund shall be replenished using:
 - 3.5.1.** General operating funds when the general operating fund has enough funds to do so without creating a low cash flow situation as determined by the Director of Finance.
 - 3.5.2.** Under 40-5528-1, Refund of Excess Income.
 - 3.5.3.** Capital Funds upon approval of the Board of Directors.

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- 3.6.** The Director of Finance will report the status of this fund monthly as part of the financial report delivered to the members of the Finance Committee.

Document History

Adopted:	23 Oct 18	Amended:	23 Jul 19	Amended:	24 Sep 19
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