

<b>Kane County Financial Policies</b>	<b>Accounting, Auditing &amp; Financial Reporting Policies</b>
	<b>Amended by the County Board: Resolution 24-195, May 14, 2024</b>

## **ACCOUNTING, AUDITING & FINANCIAL REPORTING POLICIES**

1. It shall be the intent of the County to maintain a self-balancing set of accounts on an on-going basis to be closed monthly. The general ledger will be closed by the Finance department no later than 30 days after month end. The books shall remain open 60 days after the fiscal year end. The Finance department will provide monthly reporting to the Board that includes, at a minimum, the following reports:
  - Summary of Cash Receipts
  - Cash Balances by Fund
  - Budget to Actual Including Variance Analysis
2. It shall be the intent of the County to maintain a program of internal controls to safeguard all assets and ensure effective and efficient use of all assets. It shall be the responsibility of the Finance department to establish a formal set of “best practice” internal controls. In addition, the County Auditor shall ensure that all departments comply with those controls. It shall also be the intent for the independent auditor to review the system of internal controls and report any weaknesses detected to the Board as part of the annual audit.
3. It shall be the intent of the County to utilize fund accounting principles and general accepted accounting practices in the recording of all financial transactions. The general ledger shall be maintained on a cash basis, with the intent to move to an accrual basis.
4. It shall be the intent of the County to prepare annually an Annual Comprehensive Financial Report (ACFR) to be presented to the Board no later than 180 days after year-end. The ACFR should be audited by an independent CPA firm experienced in governmental auditing. It shall be the further intent of the County to present its ACFR to the Government Finance Officers Association to receive the Certificate of Excellence award in financial reporting. If at any time the County will not receive an unqualified opinion from the CPA firm, the CPA firm and the Finance Director will notify the Board prior to the issuance of the report.
5. It shall be the intent of the County to maintain a fixed asset ledger of all permanent assets acquired. The Finance department will maintain these asset records on an on-going basis to ensure proper controls and report annually regarding these records to the Board. No asset

will be considered fixed unless its value or component value exceeds \$10,000 dollars. Depreciation will be charged on all fixed assets. This policy is consistent with the requirements of GASB #34. Depreciation will be recorded on a straight-line basis over the normal useful life of the asset. It shall be the Information Technology Department's responsibility to maintain an inventory of all computer equipment within their custody, including that which was provided to other departments. It shall be each department head's responsibility to maintain an inventory of all furniture and equipment within their custody having a cost basis more than \$500 and less than \$10,000, other than computer equipment included in the Information Technology Department's inventory.

6. It shall be the intent of the County to manage all accounts receivable. Accounts receivable are created by operations in certain departments and offices. In general, they arise at the renewal of a permit or license from departments such as Health, Development or Transportation. The department or Office that is responsible for the billing is responsible for collections and managing the receivables. Consistent with good financial management, each department and Office will age their receivables, and report all unpaid receivables 90 days and over to the Finance Director on a monthly basis. Departments and Offices shall continue collection efforts. For accounts receivable 150 days and over past due, management shall consider using a collection agency. At no time can the collection fee exceed more than 50 percent of the amount due. Selection of a private collection agency must be done by competitive bid. The collection agency must also have at least five years of collection experience and provide three references from current clients.
  
7. It shall be the intent of the County to require fiscal notation on all County Board ordinances and resolutions that have a financial impact to the County. All resolutions and ordinances that have a line item reference will be required to have a fiscal notation. The form of the notation shall be as follows:

Line item	Line Item Description	Was personnel/ item/service Approved in original budget or a subsequent Budget revision?	Are funds currently available for this personnel/item/service in the specified line item?	If funds are not currently available in the specified line item, where are the funds available?
XXX.XXX.XXX.XXXXX	E.g., Machinery & Equipment	Y/N- Did you include this item in your budget request?	Y/N- Are funds available in the specific line item?	If not in the specified line item, list line item and line item description where funds are available

8. It shall be intent of the County to require all departments and offices to prepare mid-year revenue and expenditure projections. The projections will be sent to the Finance Director and presented by the Finance Director to the Finance/Budget Committee. If a department or office anticipates a budget overage by year-end, and has not yet reported this overage to the Finance Director and Finance/Budget Committee, that department or office will be required to report the overage to the Finance/Budget Committee.
9. It is the intent of the County to comply with the modified accrual basis of accounting, in which revenues are recorded when they are both measurable and available. In general, revenues are considered available if they are collected within 60 days of the fiscal year end. However, in order to avoid wide fluctuations in revenue from year to year as a result of timing of revenue collections from the State of Illinois, in the case of salary reimbursements from the State of Illinois, the full amount of the salary reimbursement receivable may be recorded as revenue in the fiscal period in which the salary expense was incurred without regard to when the revenue is actually collected. However, the revenue accrual must be reversed no later than November 30th of the following fiscal year.