

Kane County Financial Policies	Reserve Policies
	Amended by the County Board: November 14, 2023

RESERVE POLICIES

1. Objectives by fund

It shall be the intent of the County to set objectives for the Corporate, Enterprise Surcharge and Enterprise General Funds with regard to reserve policies. The County shall set reserves at a minimum of 3 months operating expenditures in the Corporate Fund. The Enterprise Surcharge Fund will have a minimum fund balance of \$3 million each year.

2. Phasing out the use of the Enterprise Surcharge Fund for environmental and environmental prosecution expenditures

The Settler's Hill Landfill was closed in 2006 and the County is no longer receiving related landfill revenues in the Enterprise Surcharge Fund. Therefore, it shall be the intent of the County to phase out the use of the Enterprise Surcharge Fund for environmental and environmental prosecution expenditures and look for alternative revenue sources.

3. Contingency accounts by fund

It shall be the intent of the County to set up a contingency account in the General Fund for operating expenditures. The County shall allow the contingency account to be set at a minimum of 2% of total operating expenditures, not to exceed funds for one year of expenditures. In the event of declining Equalized Assessed Valuation (EAV), the Finance Committee may recommend lowering the contingency account to an amount less than the 2% minimum requirement. Any recommendation made by the Finance Committee that is less than 2% of total operating expenditures must be brought to the full County Board for approval.

4. Guidelines for capital expenditure set-asides

It shall be the intent of the County to allow unbudgeted or one-time revenue sources to be set aside as capital expenditure funds for unforeseen expenditures.

5. Year-end Encumbrances & Continuing Appropriations

It shall be the intent of the County to transfer all unencumbered (those amounts not committed by purchase order) department account balances in the General Fund to the General Fund balance at the end of the fiscal year (November 30). All unencumbered

balances in Special Revenues funds are transferred from the operating fund line items to their respective Fund's fund balance. Exceptions to this rule are continuing appropriations that will be approved on a case-by-case basis. Funds budgeted for capital expenditures will lapse for multi-phased projects, but will not lapse for one-time purchases as long as the funds have been committed by a purchase order or contract.

6. Special Reserve Fund

It shall be the intent of the County to establish a Special Reserve Fund in which funds may be set aside and which may only be used with approval of the County Board through the normal budgeting and appropriations process.