
**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: MATT ANASTASIA, FINANCE DIRECTOR
SUBJECT: RESOLUTION - TRANSFERRING SURPLUS FUND BALANCES FY21-22
AGENDA: SEPTEMBER 6, 2022
DATE: SEPTEMBER 2, 2022

ISSUE

Shall the Board transfer excess General Fund Reserve Balances to other Funds for future uses.

DISCUSSION

At the August 16, 2022 Board Meeting, the Village Board discussed the draft FY21-22 General Fund surplus balance. Below is an excerpt from the Discussion Board Report on the surplus for FY21-22:

"The preliminary FY21-22 Audit, which shows a surplus for the year of \$699,765, of which \$595,170 is unrestricted fund balance. The FY21-22 projected surplus at the FY22-23 Budget Workshops was \$237,800. This brings the total unrestricted Fund Balance as of April 30, 2022 to \$2,132,653, or 31.77% Fund Reserve. For the current fiscal year 2022-2023, 25% of operating expenses for the Fund Balance Reserve Policy total \$1,740,259, leaving an excess of \$392,394, 5.64%, above the 25% Fund Balance Reserve policy.

In future budgets, the budgeted large transfers would not occur from the excess revenues from ARPA/CARES, thus decreasing the General Fund operating expenses. In anticipation of these transfers not occurring beginning in FY23-24, and to not run a deficit in that year when the Fund Balance Reserve Policy decreases, the Board should consider transferring additional funds effective for FY21-22. Transferring additional funds in FY21-22 would bring the Unrestricted Fund Balance below 25% for the year, but once the large expense transfers are removed from the budget in FY23-24, this would balance the reserve policy back to above the 25% requirement."

The Board consideration, with Staff recommendation, transferring the excess above the 25% general fund operating expenses, \$392,394, plus the additional \$125,000 taking in to account the reduction in operating expenses in the future for a total of \$517,394. If this transfer is

made for FY21-22, the General Fund would still show a surplus for the year of \$182,371, and \$77,776 of unrestricted fund balance, and not negatively affecting the General Fund bottom line. This transfer would be made to the General Capital Projects Fund for future Village Hall/Police Department uses.

After these transfers are completed, the General Fund unrestricted fund balance would total \$1,615,259, roughly a 23.20% General Fund balance reserve per FY22-23 General Fund Operating Expenses.

COST

There is no cost to complete the Resolution.

RECOMMENDATION

The Board approve Resolution 20220906F Authorizing the Transfer of Certain Surplus Funds for the Village of Sugar Grove.



RESOLUTION NO. 20220906F

A RESOLUTION AUTHORIZING THE TRANSFER OF CERTAIN SURPLUS FUNDS FOR THE VILLAGE OF SUGAR GROVE

WHEREAS, Section 8-1-1 of the Illinois Municipal Code (65 ILCS 5/8-1-1) provides the authority for a municipal corporation's control over its finances; and,

WHEREAS, pursuant to such authority, the Village of Sugar Grove ("Village") has adopted certain Village Financial and Budget Policies which establishes a 25% General Fund Reserve balance; and,

WHEREAS, pursuant to Ordinance No. 20220405F the Village adopted An Ordinance Adopting the Fiscal Year 2022-2023 Budget for the Village of Sugar Grove, Illinois; and,

WHEREAS, the Village's General Fund balance for the 2021-2022 fiscal year is currently in excess of the established 25% reserve amount; and,

WHEREAS, the Village President and Board of Trustees ("Corporate Authorities") hereby determine that it is necessary and advisable and in the best interest of the Village to transfer said surplus funds in the Village's General Fund (01) in excess of its reserve policy to the Capital Projects Fund (30); and,

NOW, THEREFORE, BE IT RESOLVED by the Village President and Board of Trustees of the Village of Sugar Grove as follows:

Section 1: That the recitals above are incorporated by reference as though fully set forth herein.

Section 2: That the Village Board hereby authorize and approve the application of surplus funds in the Village's General Fund (01) to the Village's Capital Projects Fund (30) in the amount of \$517,394 for future Village Facilities Expenses.

Section 3: That the Village's Director of Finance and Village Administrator be further authorized to take any further actions necessary and appropriate to effectuate this action effective for fiscal year end April 30, 2022.

Jennifer Konen, President of the Board of Trustees of the
Village of Sugar Grove, Kane County, Illinois

ATTEST:

Clerk, Village of Sugar Grove

	Aye	Nay	Absent	Abstain
Trustee Matthew Bonnie	_____	_____	_____	_____
Trustee Sean Herron	_____	_____	_____	_____
Trustee Heidi Lendi	_____	_____	_____	_____
Trustee Michael Schomas	_____	_____	_____	_____
Trustee Ryan Walter	_____	_____	_____	_____
Trustee James F. White	_____	_____	_____	_____