
**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: MATT ANASTASIA, FINANCE DIRECTOR
SUBJECT: RESOLUTION - TRANSFERRING SURPLUS FUND BALANCES FY23-24
AGENDA: OCTOBER 1, 2024
DATE: SEPTEMBER 24, 2024

ISSUE

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

DISCUSSION

At the September 17, 2024, Board Meeting, the Village Board discussed the draft FY23-24 General Fund and Water Fund surplus balance. Below is an excerpt from the Discussion Board Report on the surplus for FY23-24:

“The Village has received the preliminary FY23-24 Audit Financials, which shows a General Fund surplus for the year of \$518,541, of which \$480,445 is unrestricted fund balance and a Water Fund unrestricted surplus of \$225,416 for the year.

The FY23-24 General Fund projected surplus at the FY24-25 Budget Workshops was \$111,547. The FY23-24 audited General Fund surplus of unrestricted funds brings the total unrestricted Fund Balance as of April 30, 2024, to \$2,284,895, or 30.96% Fund Reserve. For the current fiscal year 2024-2025, 25% of operating expenses for the General Fund Balance Reserve Policy total \$1,862,768, leaving an excess of \$443,990, 5.96%, above the 25% Fund Balance Reserve policy.

The FY23-24 Water Fund projected surplus at the FY24-25 Budget Workshops was \$13,668. The FY23-24 audited Water Fund unrestricted surplus brings the total unrestricted Fund Balance as of April 30, 2024, to \$1,189,530, or 30.27% Fund Reserve. For the current fiscal year 2024-2025, 25% of operating expenses for the Water Fund Balance Reserve Policy total \$1,038,064, leaving an excess of \$218,916, 5.27%, above the 25% Water Fund Balance Reserve policy. Annually, the Village Board has transferred fund from the General Fund, but not the Water Fund for Capital Projects. These Capital Projects are now in a separate fund, whereas presented in the Capital Improvement Program, additional funds are needed to complete necessary projects.”

After the final DRAFT FY23-24 Audit has been reviewed, the Board consideration, with Staff recommendation, transferring the excess above the 25% General Fund reserve policy, \$380,000. If this transfer is made for FY23-24, the General Fund would still show a surplus for the year of \$138,541, and \$100,445 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.

For the Water Fund, the Board consideration, with Staff recommendation, transferring \$200,000 of the excess unrestricted fund balance above the 25% reserve policy in the Water Fund to the Water Capital Fund for future Capital Improvement Program uses. This transfer would result in the Water Fund having no net effect, as the Water Fund and Water Capital Fund are combined together within the audit statutorily. This would leave an excess of roughly \$18,916 above the reserve policy.

After these transfers are completed, the General Fund unrestricted fund balance would total \$1,926,758, roughly a 25.86% General Fund balance reserve per FY24-25 General Fund Operating Expenses. The Water Fund unrestricted fund balance would total \$1,056,979, roughly a 25.46% Water Fund balance reserve per FY24-25 Water Fund Operating Expenses.

COST

There is no cost to complete the Resolution.

RECOMMENDATION

The Board approve Resolution 20241001F Authorizing the Transfer of Certain Surplus Funds for the Village of Sugar Grove.



RESOLUTION NO. 20241001F

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 25% Water Fund Reserve balance; and,

WHEREAS, pursuant to Ordinance No. 20240402F the Village adopted An Ordinance Adopting the Fiscal Year 2024-2025 Budget for the Village of Sugar Grove, Illinois; and,

WHEREAS, the Village's General Fund balance for the 2023-2024 fiscal year is currently in excess of the established 25% reserve amounts; 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 surplus funds in the Village's Water Fund (50) in excess of its reserve policy to the Water Capital Projects Fund (51); 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 \$380,000 for future Village Facilities Expenses.

Section 3: That the Village Board hereby authorize and approve the application of surplus funds in the Village's Water Fund (50) to the Village's Water Capital Projects Fund (51) in the amount of \$200,000 for future Capital Improvement Plan Expenses.

Section 4: 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, 2024.

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

ATTEST:

Tracey Conti, Village Clerk, Village of Sugar Grove

	Aye	Nay	Absent	Abstain
Trustee Matthew Bonnie	___	___	___	___
Trustee Sean Herron	___	___	___	___
Trustee Heidi Lendi	___	___	___	___
Trustee Michael Schomas	___	___	___	___
Trustee Sean Michels	___	___	___	___
Trustee James F. White	___	___	___	___