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**VILLAGE OF SUGAR GROVE  
BOARD REPORT**

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**TO:** VILLAGE PRESIDENT & BOARD OF TRUSTEES  
**FROM:** MATT ANASTASIA, FINANCE DIRECTOR  
**SUBJECT:** DISCUSSION: RESOLUTION - TRANSFERRING FUND BALANCES FY23-24  
**AGENDA:** SEPTEMBER 17, 2024  
**DATE:** SEPTEMBER 5, 2024

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**ISSUE**

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

**DISCUSSION**

Each year the Village completes an annual audit to determine the financial status of the previous fiscal year. The audit determines if the Village had a surplus, revenues exceeded expenditures, or a deficit, expenditures exceeded revenues, for the fiscal year. The Village has a financial policy in place for the Fund Balance Reserve. The policy states the Village is to keep a 25% unrestricted Fund Balance Reserve in the General Fund and Water Fund based on the current fiscal year General Fund and Water Fund operating expenses.

Each year, the Village will review the General Fund and Water Fund Surplus/Deficit, respectively, of the prior fiscal year prior to the audit being finalized. The current fund balance reserve estimates as of FY23-24 were anticipated to be at 25.53% and budgeted to be 26.01% for fiscal year ending April 30, 2025. At the end of each year, during the audit process, the Village Board will determine, if there is any surplus, what they would like to do with it. This process must be complete prior to finalize the audit for each year.

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.

The Board should consider, with Staff recommendation, leaving a little cushion and transferring the excess above the General Fund reserve policy, \$380,000, leaving roughly \$63,990 above the 25% reserve policy balance. 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 is being recommended to be made to the General Capital Projects Fund for future Police Department Upgrades & Improvements and/or future Village Hall uses. As we discussed at a previous Board meeting, the Police Department Upgrades and Improvements with construction costs are coming in much higher over the budget we originally anticipated. To be able to achieve the Village Board's goal of enhancing the Police Department and utilizing these funds to make the Police Department sustainable and efficient for years to come, this transfer is recommended to assist in the increased costs without having to borrow.

At this time, with this additional transfer of Fund Balance of \$380,000 and the FY23-24 \$500,000 budgeted/projected transfer, it is anticipated the Village Capital Improvement Fund will have roughly \$4.8 million available above the funds needed for all Vehicle & Equipment Replacement, within the Capital Projects Fund for Police Department Upgrades & Improvement Needs or Future Village Hall expenses, if so desired at end of FY23-24. In FY24-25, currently there is \$3,000,000 for the Police Department Improvements & Upgrades, \$42,129 for 160 S. Municipal Dr. Administration/Finance Offices Lease, \$54,000 for Livescan Replacement and Emergency Warning Siren Switchover. The estimated ending fund balance including these budget expenses and revenues, is estimated to be roughly \$1.9 million above the Vehicle & Equipment Replacement balance at the end of FY24-25.

As for the Water Fund, staff recommends approving a transfer of \$200,000 of the excess unrestricted fund balance above reserve policy, and transfer to the Water Capital Fund for future Capital Improvement Program uses. This transfer would result in the Water Fund showing still showing a surplus for the current fiscal year in the Water Operating Fund of \$25,416. This would leave an excess roughly of \$18,916 above the reserve policy.

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

**Attachments:**

- Capital Projects Fund (30) Fund Balance Breakdown
- Water Capital Fund (51) Fund Balance Breakdown

**COST**

There is no cost to approve the Resolution.

**RECOMMENDATION**

The Board discuss how they would like to proceed with the transferring fund balances, and direct staff to draft the necessary resolution for approval.

9/5/24												
Village of Sugar Grove Veh./Equip. Replacement Program	FYE19 Funding	FYE20 Funding	FYE21 Funding	FYE22 Funding	FYE23 Funding	FYE24 Funding	FYE25 Funding	FYE26 Funding	FYE27 Funding	FYE28 Funding	FYE29 Funding	FYE30 Funding
Total Beginning Balance VERF:	\$ 2,166,008	\$ 2,220,215	\$ 2,116,460	\$ 2,243,569	\$ 2,342,492	\$ 2,225,835	\$ 2,296,421	\$ 2,360,017	\$ 2,411,885	\$ 2,117,466	\$ 2,324,767	\$ 2,048,850
Transfers In:												
Police	\$ 126,525	\$ 62,406	\$ 127,948	\$ 301,322	\$ 176,782	\$ 174,835	\$ 208,825	\$ 216,680	\$ 235,804	\$ 241,322	\$ 244,149	\$ 247,047
P.W. Streets - Vehicles	98,632	58,629	177,126	134,623	139,398	150,132	166,767	212,973	223,068	223,067	244,613	267,229
P.W. Streets - Equipment	27,846	10,000	17,105	17,333	15,421	19,280	19,407	78,627	42,262	47,450	47,450	47,450
Community Development	9,052	4,526	3,436	3,436	3,436	3,436	3,436	3,436	3,436	6,554	6,554	6,554
Total VERF Transfer for FY:	\$ 262,055	\$ 135,561	\$ 325,615	\$ 456,714	\$ 335,037	\$ 347,683	\$ 398,435	\$ 511,716	\$ 504,570	\$ 518,393	\$ 542,766	\$ 568,280
Expenditures:												
Police (51)	\$ (119,518)	\$ (57,080)	\$ (128,102)	\$ (296,912)	\$ (215,282)	\$ (136,121)	\$ (174,974)	\$ (199,848)	\$ (409,688)	\$ (209,966)	\$ (107,608)	\$ (110,298)
Public Works (53)	\$ (88,330)	\$ (182,236)	\$ (70,404)	\$ (60,879)	\$ (236,412)	\$ (140,976)	\$ (159,865)	\$ (260,000)	\$ (389,301)	\$ (49,924)	\$ (711,075)	\$ (385,000)
Community Development (55)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (51,202)	\$ -	\$ -
Total VERF Purchases per FY:	\$ (207,848)	\$ (239,316)	\$ (198,506)	\$ (357,791)	\$ (451,694)	\$ (277,097)	\$ (334,839)	\$ (459,848)	\$ (798,989)	\$ (311,092)	\$ (818,683)	\$ -
Total End Balance Needed in VERF Fund:	\$ 2,220,215	\$ 2,116,460	\$ 2,243,569	\$ 2,342,492	\$ 2,225,835	\$ 2,296,421	\$ 2,360,017	\$ 2,411,885	\$ 2,117,466	\$ 2,324,767	\$ 2,048,850	\$ 2,617,130
Village of Sugar Grove General Capital Projects	FYE19 Funding	FYE20 Funding	FYE21 Funding	FYE22 Funding	FYE23 Funding	FYE24 Funding	FYE25 Funding	FYE26 Funding	FYE27 Funding	FYE28 Funding	FYE29 Funding	FYE30 Funding
General Capital Projects Beginning Balance	\$ -	\$ -	\$ -	\$ 525,000	\$ 1,769,530	\$ 3,821,554	\$ 4,637,431	\$ 1,711,302	\$ 1,868,858	\$ 2,039,136	\$ 2,239,136	\$ 2,439,136
Transfers In:												
Administration (50)	\$ -	\$ -	\$ 475,000	\$ 1,256,875	\$ 2,197,904	\$ 880,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Police (51)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Works (53)	\$ -	\$ -	\$ 50,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Finance (56)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Projects Transfer for FY:	\$ -	\$ -	\$ 525,000	\$ 1,281,875	\$ 2,197,904	\$ 912,990	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Expenditures:												
Administration (50)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40,800)	\$ (72,129)	\$ (42,444)	\$ (29,722)	\$ -	\$ -	\$ -
Police (51)	\$ -	\$ -	\$ -	\$ -	\$ (15,800)	\$ (23,323)	\$ (3,054,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Public Works (53)	\$ -	\$ -	\$ -	\$ (37,345)	\$ (130,080)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Finance (56)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (32,990)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Project Expenditures per FY:	\$ -	\$ -	\$ -	\$ (37,345)	\$ (145,880)	\$ (97,113)	\$ (3,126,129)	\$ (42,444)	\$ (29,722)	\$ -	\$ -	\$ -
General Capital Projects Ending Balance	\$ -	\$ -	\$ 525,000	\$ 1,769,530	\$ 3,821,554	\$ 4,637,431	\$ 1,711,302	\$ 1,868,858	\$ 2,039,136	\$ 2,239,136	\$ 2,439,136	\$ 2,639,136
Total Transfers Made per FY:	\$ 262,055	\$ 135,561	\$ 850,615	\$ 1,738,589	\$ 2,532,941	\$ 1,260,673	\$ 598,435	\$ 711,716	\$ 704,570	\$ 718,393	\$ 742,766	\$ 768,280
Total Expenses per FY:	(207,848)	(239,316)	(198,506)	(395,136)	(597,574)	(374,210)	(3,460,968)	(502,292)	(828,711)	(311,092)	(818,683)	-
Projected Fund Balance FYE:	\$1,925,405	\$1,936,836	\$2,621,534	\$4,059,025	\$6,076,457	\$7,148,053	\$4,285,520	\$4,494,944	\$4,370,803	\$4,778,104	\$4,702,187	\$5,470,467
Total Capital Funds Available Above VERF	(\$294,810)	(\$179,624)	\$377,965	\$1,716,533	\$3,850,622	\$4,851,632	\$1,925,503	\$2,083,059	\$2,253,337	\$2,453,337	\$2,653,337	\$2,853,337
Capital Project Expenses												
PW/H2O Building Painting			(\$37,345)									
PD Parking Lot Fence			(\$100,330)									
PW Building Flooring Replacement			(\$29,750)									
Village Hall Lease/Expenses						(\$40,800)	(\$42,129)	(\$42,444)	(\$29,722)	-	-	-
Police Department Improvements & Upgrades						(\$15,800)	(\$23,323)	(\$3,000,000)	-	-	-	-
Livescan Replacement								(\$26,000)	-	-	-	-
Emergency Siren Switchover								(\$28,000)	-	-	-	-
BS&A Cloud Upgrade						(\$32,990)	-	-	-	-	-	-
Village Rebrand								(\$30,000)	-	-	-	-
Total Expenses per FY			\$ (37,345)		\$ (145,880)	\$ (97,113)	\$ (3,126,129)	\$ (42,444)	\$ (29,722)	\$ -	\$ -	\$ -

Village of Sugar Grove - Water Capital Water/Sewer Capital Infrastructure	FYE19 Funding	FYE20 Funding	FYE21 Funding	FYE22 Funding	FYE23 Funding	FYE24 Funding	FYE25 Funding	FYE26 Funding	FYE27 Funding	FYE28 Funding	FYE29 Funding
Total Beginning Balance Water Infrastructure:	\$ -	\$ -	\$ -	\$ 650,000	\$ 1,489,001	\$ 3,008,690	\$ 2,292,601	\$ 2,523,957	\$ 75,157	\$ (3,267,195)	\$ (2,442,347)
Revenues:											
Water Capital Infrastructure	-	-	\$650,000	\$876,346	\$2,400,000	\$900,000	\$1,100,000	\$755,000	\$755,000	\$755,000	\$755,000
Solar Field Rebates/Incentives	-	-	-	-	-	-	\$434,863	\$69,848	\$69,848	\$69,848	\$69,848
Misc. Capital Revenues	-	-	-	-	-	-	\$91,435	-	-	-	-
Revenues Made for FY	\$ -	\$ -	\$ 650,000	\$ 876,346	\$ 2,400,000	\$ 900,000	\$ 1,626,298	\$ 824,848	\$ 824,848	\$ 824,848	\$ 824,848
Expenditures:											
Water Capital Infrastructure Expenses	-	-	-	(\$37,345)	(\$880,311)	(\$1,616,089)	(\$1,394,942)	(\$3,273,648)	(\$4,167,200)	-	(\$623,000)
Total Water Infrastructure Expenses	-	-	-	(37,345)	(880,311)	(1,616,089)	(1,394,942)	(3,273,648)	(4,167,200)	-	(623,000)
Water Infrastructure Ending Balance	\$ -	\$ -	\$ 650,000	\$ 1,489,001	\$ 3,008,690	\$ 2,292,601	\$ 2,523,957	\$ 75,157	(\$3,267,195)	(\$2,442,347)	(\$2,240,499)
Total Transfers/Revenues Made per FY:	\$ 65,079	\$ 120,172	\$ 885,872	\$ 1,125,375	\$ 2,657,505	\$ 1,200,541	\$ 1,942,258	\$ 1,140,808	\$ 1,191,478	\$ 1,230,185	\$ 1,248,412
Total Expenses per FY:	-	-	-	(37,345)	(880,311)	(1,616,089)	(1,394,942)	(3,273,648)	(4,167,200)	-	(1,273,785)
Projected Fund Balance FYE:	\$64,004	\$184,176	\$1,070,048	\$1,817,139	\$3,702,176	\$3,337,117	\$3,884,433	\$1,751,593	(\$1,224,129)	\$6,056	(\$19,317)
Total Water Capital Funds Available for Infrastructure:	\$ (1,075)	\$ (1,075)	\$648,925	\$1,146,987	\$2,774,519	\$2,108,919	\$2,340,275	(\$108,525)	(\$3,450,877)	(\$2,626,029)	(\$2,424,181)
Water & Sewer Capital Project Expenses											
	Engineering - Dugan Woods Water Main - Phase 1				(\$120,445)	-	-	-	-	-	-
	Dugan Woods Water Main Construction - Phase 1				(\$707,658)	-	-	-	-	-	-
	Engineering - Dugan Woods Water Main - Phase 2				(\$22,383)	(\$112,795)	(\$58,200)	-	-	-	-
	Dugan Woods Water Main Construction - Phase 2					(\$1,009,588)	(\$8,000)	-	-	-	-
	PW/H2O Building Painting/Flooring			(\$37,345)	(\$29,825)	-	-	-	-	-	-
						Maple Street Watermain		(\$214,300)	(\$2,818,700)	-	-
						Joy Court Watermain		(\$28,500)	(\$313,500)	-	-
						Well #8 Maintenance		(\$293,000)	-	-	-
						Well #9 Maintenance		(\$200,000)	-	-	-
						Well #10 Maintenance		(\$179,883)	(\$10,000)		
										Well #11 Maintenance	(\$394,000)
										WTP #8 Maintenance	(\$229,000)
							WTP #9 Maintenance	(\$200,000)	-	-	-
										WTP #10 & #11 Maintenance	
										Railroad St. Water Tank Improvements	
						New Bond Rd. Water Tank Improvements		(\$45,000)	(\$1,035,000)	-	-
					IL 47 Widening Utility Relocation	(\$819)	(\$188,400)	(\$2,692,848)	-	-	-
					Solar Field Installation	(\$313,004)	(\$730,342)	-	-	-	-
Construction In-Progress				(\$2,134,579)	-	-	-	-	-	-	-
Total Expenses per FY:				(\$37,345)	(\$880,311)	(\$1,616,089)	(\$1,394,942)	(\$3,273,648)	(\$4,167,200)	-	(\$623,000)