



BOARD REPORT

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES

FROM: MATT ANASTASIA, FINANCE DIRECTOR/TREASURER

SUBJECT: DISCUSSION: TRANSFERRING FUND BALANCES FY2024-2025

AGENDA: 8/19/2025

DATE: 8/4/2025

ISSUE

Shall the Village Board discuss transferring 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 General Fund balance reserve estimates as of FY24-25 were anticipated to be at 26.11% and budgeted to be 27.63% for fiscal year ending April 30, 2026. 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 completed prior to finalizing the audit for each year.

The Village has received the preliminary FY24-25 Audited Financials, which shows a General Fund surplus for the year of \$511,473, of which \$376,168 is unrestricted General Fund balance surplus. The Water Fund shows a slight surplus but does not require any type of transfer to reserves.

The FY24-25 General Fund projected surplus at the FY24-25 Budget Workshops was \$52,859, bringing the Fund Balance to \$1,957,754. The FY24-25 audited General Fund surplus of unrestricted funds brings the total unrestricted Fund Balance as of April 30, 2025 to \$2,281,063. For the current fiscal year 2025-2026, 25% of operating expenses for the General

Fund Reserve Policy require \$1,846,767 in fund balance on total budgeted expenses of \$7,387,069 leaving an excess of \$434,296 or a fund balance reserve of 30.88%, 5.88% above the reserve policy.

The Board should consider, with Staff recommendation, leaving a slight cushion in the General Fund and transferring \$350,000 above the General Fund reserve policy, leaving roughly \$84,296 above the fund balance reserve. If this transfer is made for FY24-25, the General Fund will still show a surplus for the year and not negatively affect the General Fund bottom line. Staff is recommending making this transfer to the General Capital Projects fund to utilize for the Police Department Upgrade/Improvement. The current Police Department bid was opening on August 7, 2025, and came in over budget for a total cost of roughly \$6,789,000, including \$162,460 for the Parking Lot replacement. Making this transfer would allow the Village to continue to fund this major improvement with cash, not taking on any debt.

With the transfer of \$420,000 for FY24-25, this additional transfer of \$350,000, and the excess fund balance above the Vehicle & Equipment Replacement funds, the total funds on hand at the end of FY24-25 for the Police Department Improvements would be \$5,541,733 and anticipated at the end of FY25-26 at \$5,991,087. While this still leaves us \$877,913 short for the total Police Department project, the \$162,460 for the Parking Lot replacement has already been budgeted for in our Infrastructure Fund, reducing the shortfall to \$715,453. The Village has funds within the Capital Fund for future Vehicle & Equipment purchases, that will not be utilized within the next 5-7 years to short-term borrow to complete the Police Department Improvements without issuing any Debt, if the Village Board chose to do so.

After the General Fund transfer is complete, the estimated FY24-25 General Fund unrestricted fund balance would total \$1,931,063, a 26.14% General Fund reserve balance per the FY25-26 General Fund operating expenses.

COST

There is no cost to discussing the excess unrestricted General Fund surplus for FY2024-2025.

ATTACHMENTS

- Capital Projects Fund (30) Fund Balance Breakdown

RECOMMENDATION

The Village Board discuss how they would like to proceed with transferring General Fund balance, and direct staff to draft the necessary resolution for approval.

8/8/25												
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	\$ 2,198,544	\$ 2,094,789	\$ 2,221,898	\$ 2,320,821	\$ 2,213,462	\$ 2,347,687	\$ 2,454,500	\$ 2,688,536	\$ 2,648,433	\$ 2,575,038	\$ 2,908,692
Transfers In:												
Police	\$ 126,525	\$ 62,406	\$ 127,948	\$ 301,322	\$ 179,860	\$ 179,200	\$ 208,825	\$ 212,004	\$ 272,138	\$ 281,640	\$ 290,363	\$ 295,503
P.W. Streets - Vehicles	98,632	58,629	177,126	134,623	144,779	157,463	163,027	201,845	210,271	238,684	250,644	311,380
P.W. Streets - Equipment	27,846	10,000	17,105	17,333	16,260	21,049	21,176	19,611	31,549	43,044	43,044	43,044
Community Development	9,052	4,526	3,436	3,436	3,436	3,436	3,436	3,436	3,436	8,764	8,764	8,764
Total VERF Transfer for FY:	\$ 262,055	\$ 135,561	\$ 325,615	\$ 456,714	\$ 344,335	\$ 361,148	\$ 396,464	\$ 436,896	\$ 517,394	\$ 572,132	\$ 592,815	\$ 658,691
Expenditures:												
Police (51)	\$ (121,266)	\$ (57,080)	\$ (128,102)	\$ (296,912)	\$ (215,282)	\$ (85,947)	\$ (289,651)	\$ (36,600)	\$ (394,508)	\$ (219,318)	\$ (98,921)	\$ (118,607)
Public Works (53)	\$ (108,253)	\$ (182,236)	\$ (70,404)	\$ (60,879)	\$ (236,412)	\$ (140,976)	\$ -	\$ (166,260)	\$ (162,989)	\$ (366,999)	\$ (160,240)	\$ (993,400)
Community Development (55)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (59,210)	\$ -	\$ -
Total VERF Purchases per FY:	\$ (229,519)	\$ (239,316)	\$ (198,506)	\$ (357,791)	\$ (451,694)	\$ (226,923)	\$ (289,651)	\$ (202,860)	\$ (557,497)	\$ (645,527)	\$ (259,161)	\$ -
Total End Balance Needed in VERF Fund:	\$ 2,198,544	\$ 2,094,789	\$ 2,221,898	\$ 2,320,821	\$ 2,213,462	\$ 2,347,687	\$ 2,454,500	\$ 2,688,536	\$ 2,648,433	\$ 2,575,038	\$ 2,908,692	\$ 3,567,383
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	\$ 5,031,412	\$ 192,612	\$ (1,099,135)	\$ (899,135)	\$ (699,135)
Transfers In/Revenues:												
Administration (50)	\$ -	\$ -	\$ 475,000	\$ 1,256,875	\$ 2,197,904	\$ 880,000	\$ 770,000	\$ 315,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Capital Fund Revenues (Fund 30)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 404,354	\$ -	\$ -	\$ -	\$ -
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	\$ 770,000	\$ 719,354	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Expenditures:												
Administration (50)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40,800)	\$ (45,288)	\$ (51,807)	\$ (53,361)	\$ -	\$ -	\$ -
Police (51)	\$ -	\$ -	\$ -	\$ -	\$ (15,800)	\$ (23,323)	\$ (330,731)	\$ (5,406,347)	\$ (1,438,386)	\$ -	\$ -	\$ -
Public Works (53)	\$ -	\$ -	\$ -	\$ (37,345)	\$ (130,080)	\$ -	\$ -	\$ (100,000)	\$ -	\$ -	\$ -	\$ -
Finance (56)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (32,990)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Project Expenditures per FY:	\$ -	\$ -	\$ -	\$ (37,345)	\$ (145,880)	\$ (97,113)	\$ (376,019)	\$ (5,558,154)	\$ (1,491,747)	\$ -	\$ -	\$ -
General Capital Projects Ending Balance	\$ -	\$ -	\$ 525,000	\$ 1,769,530	\$ 3,821,554	\$ 4,637,431	\$ 5,031,412	\$ 192,612	\$ (1,099,135)	\$ (899,135)	\$ (699,135)	\$ (499,135)
Total Transfers Made per FY:	\$ 262,055	\$ 135,561	\$ 850,615	\$ 1,738,589	\$ 2,542,239	\$ 1,274,138	\$ 1,166,464	\$ 1,156,250	\$ 717,394	\$ 772,132	\$ 792,815	\$ 858,691
Total Expenses per FY:	(229,519)	(239,316)	(198,506)	(395,136)	(597,574)	(324,036)	(665,670)	(5,761,014)	(2,049,244)	(645,527)	(259,161)	-
Projected Fund Balance FYE:	\$1,925,405	\$1,936,836	\$2,621,534	\$4,059,025	\$6,076,457	\$7,148,053	\$7,996,233	\$3,391,469	\$2,059,619	\$2,186,224	\$2,719,878	\$3,578,569
Total Capital Funds Available Above VERF	(\$273,139)	(\$157,953)	\$399,636	\$1,738,204	\$3,862,995	\$4,800,366	\$5,541,733	\$702,933	(\$588,814)	(\$388,814)	(\$188,814)	\$11,186
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)	(\$45,288)	(\$51,807)	(\$53,361)	-	-	-
Police Department Improvements & Upgrades						(\$15,800)	(\$23,323)	(\$175,494)	(\$5,288,154)	(\$1,438,386)	-	-
Livescan Replacement								(\$22,635)	-	-	-	-
Emergency Siren Switchover								(\$18,800)	-	-	-	-
BS&A Cloud Upgrade							(\$32,990)	-	-	-	-	-
Village Rebrand								-	-	-	-	-
PW Building Roof Replacement								(\$100,000)	-	-	-	-
Annual Debt Transfer								(\$113,802)	(\$118,193)	-	-	-
Total Expenses per FY	\$ (37,345)	\$ (145,880)	\$ (97,113)	\$ (376,019)	\$ (5,558,154)	\$ (1,491,747)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -