



BOARD REPORT

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES

FROM: KARIN JOHNS, FINANCE DIRECTOR/TREASURER

SUBJECT: RESOLUTION AUTHORIZING THE TRANSFER OF CERTAIN SURPLUS FUNDS FOR THE VILLAGE OF SUGAR GROVE FOR FISCAL YEAR 2026

AGENDA: 10/6/2026

DATE: 9/30/2026

ISSUE

Shall the Village Board discuss transferring excess General 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 based on the current fiscal year General Fund operating expenses.

General Fund

The Village has received the preliminary FY26 Audited Financials, which shows a General Fund surplus for the year of \$827,406. While nonspendable and restricted fund balances decreased, unassigned fund balance increased by \$896,578.

The FY26 General Fund budgeted surplus was \$59,889. The FY26 preliminary audited General Fund surplus of unrestricted funds brings the total unrestricted Fund Balance as of April 30, 2026 to \$2,827,641. For FY27, 25% of operating expenses for the General Fund Reserve Policy require \$1,984,520, in fund balance on total budgeted expenses of \$7,938,081 leaving an excess of \$843,121 or a fund balance reserve of 35.62%, 10.62% above the reserve policy.

The Board discussed this at their September 15, 2026 board meeting and directed staff to transfer \$840,000 in accordance with the General Fund reserve policy. This transfer will maintain the 25% fund balance reserve. This transfer will include:

- **Transfer \$50,000 to the Police Pension Fund.** Based on preliminary actuarial reports, the Pension Fund will be 62.09% funded. In recent years, bond raters have been looking carefully at pension funding. Showing a commitment to fund the police pension above and beyond the recommended level is looked upon favorably.
- **Transfer \$790,000 to Capital Projects Fund.** This additional fund balance will be able to be calculated into the FY28 budget and beyond. The Police Department Remodel had diminished previous reserves.

After the General Fund transfer is complete, the estimated FY26 General Fund unrestricted fund balance would total \$1,987,641, a 25.04% General Fund reserve balance per the FY27 General Fund operating expenses.

COST

There is no cost to Resolution Authorizing the Transfer of Certain Surplus Funds for the Village of Sugar Grove for Fiscal Year 2026.

RECOMMENDATION

The Village Board adopt a Resolution Authorizing the Transfer of Certain Surplus Funds for the Village of Sugar Grove for Fiscal Year 2026.



**VILLAGE OF SUGAR GROVE
KANE COUNTY, ILLINOIS**

RESOLUTION NO.: 20261006F

**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. 20250415F the Village adopted An Ordinance Adopting the Fiscal Year 2025-2026 Budget for the Village of Sugar Grove, Illinois; and,

WHEREAS, the Village's General Fund balance for the 2026 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 in excess of its reserve policy to the Capital Projects Fund and Police Pension Fund ; 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 authorizes and approves the application of surplus funds in the Village's General Fund to the Village's:

- Capital Projects Fund in the amount of \$840,000 for future Capital Expenses.
- Police Pension Fund in the amount of \$50,000 increase the Pension Fund Liability rate.

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, 2025.

PASSED AND APPROVED by the President and the Board of Trustees of the Village of Sugar Grove, Kane County, Illinois, on this **2nd**, day of **September 2025**.

Sue Stillwell, Village President

Tracey R. Conti, Village Clerk

BOARD VOTE:

	Aye	Nay	Absent	Abstain	Recuse
Trustee Heidi Lendi	_____	_____	_____	_____	_____
Trustee Matthew Bonnie	_____	_____	_____	_____	_____
Trustee Sean Michels	_____	_____	_____	_____	_____
Trustee Anthony Speciale	_____	_____	_____	_____	_____
Trustee Nora London	_____	_____	_____	_____	_____
Trustee Michael Roskopf	_____	_____	_____	_____	_____