

*Village of Fall Creek*  
*Minutes of Finance Committee Meeting*  
*December 4, 2017*

1. **Call to Order:** 6:30 p.m., Village Hall Meeting Room, 122 E. Lincoln Ave., Fall Creek
2. **Roll Call:** Members Present: Committee Chair: Chester Goodman, Committee Members: Tina Jacobson, Dane Zook. Members Absent: Wayne Steinke. Staff Present: Clerk-Treasurer Renee Roemhild.
3. **Certify Open Meeting Law Requirements Have Been Met:** A notice of the meeting and an agenda was posted in the three public places and newspapers were notified.
4. **Adopt Agenda:**
  - MOTION (Jacobson/Zook) to adopt the agenda as printed. PASSED, without negative vote.
5. **Consider Budget Options/Strategic Financial Planning:** The committee reviewed in detail the items proposed at the 11/13/17 regular board meeting. Much discussion took place on the need to try to find a way to handle the extreme debt in the Sewer Fund and a need to try to balance out the financial status of the major accounting funds for the good of the whole Village. The committee went item by item through the 2018 budgets in an effort to find any areas in which funds could be shifted to pay down on the Sewer Fund debt.
  - MOTION (Zook/Jacobson) to recommend the Village Board implement an aggressive plan to help the burdened financial situation in the Sewer Fund by making extra payments on the WWTP debt and then prudently saving for the future replacement needs.

Specifically to:

- 1 - Have the General Fund assist the Sewer Fund with an annual subsidy payment to supplement the Sewer Fund's revenues. This payment shall be established in the amount of \$50,000 beginning in 2018 and great effort shall be made to continue such supplemental payment on a yearly basis. The current makeup of the payment will be \$40,000 coming from money freed up in the debt service budget because of paying off General Fund debt and \$10,000 coming from savings in the General Fund operating expenses, as detailed by the Committee.
- 2 - Designate this \$50,000 to be used yearly to make an additional payment to the State Trust Fund on the \$700,000 Utility Revenue Debt for the WWTP, as that loan has the highest interest rate. The \$1.5 million General Obligation Debt for the WWTP shall remain on its normal 20-year amortization schedule. Once the \$700,000 loan is paid off, the subsidy money and retired debt service money (approx. \$50,000) shall be placed in a designated savings account to prudently prepare for the future WWTP replacement needs.
- 3 - Designate the approximate \$30,000 Sewer Fund savings realized due to a reduction in annual debt service payments when the Rural Development WWTP loan refinancing in January of 2017 to be used yearly as an additional payment on the \$700,000 loan. This will amend RESOLUTION #2016-1010B. Continuing with the strategy listed above: Once the loan is paid off, the money shall be placed in a designated savings account for the future WWTP.

The debt payments listed in #2 & #3 should result in paying off the \$700,000 loan about 14 years early, saving approximately \$250,000 in interest costs. Then placing the \$130,000 from GF subsidy and retired debt service amounts in savings for those 14 years will result in a financial preparedness for the next WWTP of over \$ 2 million when considering interest earnings during the life of the 14 years.

The now struggling Sewer Fund will shift from paying exorbitant interest costs to earning interest revenues and being better prepared for required capital expenses that are not avoidable.

- 4 - Amend the 2018 budgets to reflect such changes.
- 5 - Establish a resolution declaring the Village Board's intent and encouraging all future Boards to continue on with this financial strategy.

PASSED, without negative vote.

- MOTION (Zook/Jacobson) to recommend to the Village Board an additional payment be made in 2018 on the WWTP \$700,000 Utility Revenue Bond using the cash available in the Debt Service Fund at the end of fiscal year 2017 (approximately \$40,000). PASSED, without negative vote.

**6. Adjourn:**

- MOTION (Zook/Jacobson) @ 9:15 p.m. PASSED, without negative vote.

Renee Roemhild, Clerk-Treasurer