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County reserves could pay debt

\$20 million is earning no interest

Benjamin Lanka | The Journal Gazette

FORT WAYNE – With more than \$20 million in the bank earning next to nothing, the Allen County Council will begin considering whether to use that to pay off some county debt.

The council Thursday discussed paying off the \$1.1 million owed on the City-County Building's parking garage. Last month, the council was presented an option to refinance the debt, but doing so would remove its ability to pay it off early.

Auditor Tera Klutz said she is investigating whether the debt can be paid this month or the council must wait until July. Regardless, she said paying it would save the county money in the long term.

The interest for the debt varies from 4.9 percent to 5.6 percent with the final payment due on Jan. 15, 2021. Klutz said annual payments are about \$150,000.

The county has a rainy day fund of about \$22 million and expects to get a \$5 million rollover from last year. The rollover is based on the difference between county revenue and expenses in 2010.

Councilman Darren Vogt, R-3rd, elected president of the body Thursday, said it makes sense to use some of that reserve because it is not earning any revenue in interest.

"Money just sitting does not do any good," he said.

In addition, Klutz suggested the council lend Allen County Community Corrections about \$150,000 to pay for capital expenses, so it could pay back the general fund without interest.

Vogt said the county should look at smaller debts that can be paid with the cash balance to reduce expenses. In addition, the revenue used to pay those obligations would be freed for other needs. In the case of the parking garage, receipts from people who park would go to the county general fund.

The entire balance wouldn't be used, he said, because some savings is needed to help the county get through a crisis or economic downturn. The county plans to use about \$4.5 million of its rainy day fund to help pay for the 2011 budget, for example.

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