



Village of Poplar Grove – Board Meeting Memo

March 29, 2026

****Subject:****

Simple Interest Loans Follow Up

1. Background:

On March 4th during the Budget Workshop meeting we were discussing potentially paying off the snowplow loan early, to free up cash and save the taxpayers over \$14,666 in interest. A question was raised by a trustee, as to whether a municipal government is allowed to use simple interest loans.

2. Current Status:

We have 3 loans that are classified as simple interest loans. Two (2) on the Public Works building, and one (1) on for a snowplow.

Legal counsel indicated that a municipality could partake in the use of simple interest loans, if it meet the statutory requirements on length and the board had approved the loan contracts – in which all loans conform to these requirements.

Solution Bank concurred with legal, in that they were unaware of any reasons municipalities could not use simple interest loans.

Sikich Accounting also concurred that they were unaware of any reasons municipalities could not use simple interest loans.

3. Fiscal Impact:

Fiscal impact includes policy on loans for equipment and/or development.

4. Legal Review (if applicable):

Legal is aware of this issue and provided an opinion.

5. Recommendation:

Recommendation to continue to use this loan vehicle, when appropriate.

6. Supporting Documents (if applicable):

None Attached

Not Applicable

Kristi Richardson
Village President