

# BOARD OF ALDERMEN

ITEM NO. B(3)

## AGENDA ITEM ABSTRACT MEETING DATE: December 17, 2002

**TITLE: A Request to Adopt a Budget Ordinance Reflecting Current Status of Revolving Loans and Reserve**

<b>DEPARTMENT: Management Services</b>	<b>PUBLIC HEARING: YES ___ NO <u>x</u></b>
<b>ATTACHMENTS: A: Budget Ordinance</b>	<b>FOR INFORMATION CONTACT: L. Bingham Roenigk, Assistant Town Manager James Harris, Economic and Community Development Director</b>

### PURPOSE

The purpose of this item is to formally approve a budget ordinance to amend the Revolving Loan Fund to reflect the current status of loans and reserves in the fund. The Revolving Loan Fund is used to encourage community development in Carrboro by offering loans to new businesses, encouraging businesses to locate in Carrboro. Annually, the fund is updated to reflect estimated annual interest and principal payments on loans from the various businesses. The budget ordinance reflects estimated revenues and expenditures through June 30, 2003.

### INFORMATION

The budget ordinance updates the fund to show estimated revenues and expenditures through June 30, 2003.

The Revolving Loan Fund sustains itself with the interest earned on loans provided to businesses. With this interest, a reserve is created that enables the Town to continue loaning funds to businesses. When a loan is made, the Board amends the Revolving Loan Fund to acknowledge the loan of funds and decrease the available reserves to reflect the outflow of cash. The Fund should be updated annually to reflect total interest and principal repayments that will accrue to the Town for that year. As loans are paid off, the Town closes the loans out removing them from financial records.

This budget ordinance updates the annual interest and principal repayments anticipated on current loans, and acknowledges removal of the Milltown Bistro Loan that has been completely paid. The general ledger records through October 31 show that the fund had available cash reserves of \$362,101. Cash reserves are estimated to grow to \$437,470 for June 30, 2003.

### ADMINISTRATION'S RECOMMENDATION

Adopt the budget ordinance amending the Revolving Loan Fund to reflect current status of loans.