

# BOARD OF ALDERMEN

ITEM NO. B(3)

## AGENDA ITEM ABSTRACT

MEETING DATE: February 3, 2004

**TITLE: A Request to Adopt a Budget Ordinance Reflecting Current Status of 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, 2004.

### INFORMATION

The budget ordinance updates the fund to show estimated revenues and expenditures through June 30, 2004.

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, acknowledges the Board's approval of the Science Learning Resources loan approved on January 13, and removes the Piedmont Health Services loan that has been completely paid. The general ledger records through December 31 show that the fund had available cash reserves of \$418,301. Cash reserves are estimated at \$371,386 for June 30, 2004. The projected overall slight decrease in the Revolving Loan reserves reflects the recent loan approved by the Board.

### ADMINISTRATION'S RECOMMENDATION

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