

BOARD OF ALDERMEN

ITEM NO. C(3)

AGENDA ITEM ABSTRACT MEETING DATE: November 1, 2011

TITLE: An Amendment to the FY 2011-12 Annual Budget Ordinance – Revolving Loan Fund

DEPARTMENT: Management Services	PUBLIC HEARING: YES ____ NO <u>x</u>
ATTACHMENTS: Attachment A: Amendment to FY 2011-12 Annual Budget Ordinance	FOR INFORMATION CONTACT: Arche McAdoo, Management Services 918-7439

PURPOSE

The Board is requested to approve a budget amendment to reflect the status of loans and reserves in the Revolving Loan Fund as of June 30, 2011.

INFORMATION

The Revolving Loan Fund sustains itself with the repayment of principal and interest earned on loans provided to businesses. These repayments and interest earnings are used to create a reserve that enables the Town to continue loaning funds to businesses. When a loan is approved by the Board, the Revolving Loan Fund budget is amended to acknowledge the loan commitment and decrease the available reserves to reflect the outflow of cash when loan proceeds are distributed. The Revolving Loan Fund is updated annually to reflect total interest and principal repayments to the Town since inception of the Fund. The last annual update was FY 2009-10. As loans are paid off in full, the Town staff closes the loans out and removes them from financial records. Town staff is working to improve the manner in which the Revolving Loan Fund revenues and expenditures are budgeted in order to provide a more accurate picture on an annual basis

FISCAL IMPACT

Based on receipt of recurring loan repayments and interest earnings, cash reserves in the Revolving Loan Fund are \$210,147 as of June 30, 2011. Since June 30, 2011 the Board has made the following Revolving Loan Fund commitments: \$45,000 for the Second Wind Juice Bar and Cafe; and, \$60,000 for E. Main Street Property Owners for sewer repairs. Thus, as of today cash reserves total \$105,147.

STAFF RECOMMENDATION

The staff recommends that the Board of Aldermen adopt the attached amendment for the FY 2011-12 Budget Ordinance.