

BOARD OF ALDERMEN

ITEM NO. C(6)

AGENDA ITEM ABSTRACT

MEETING DATE: May 19, 2009

TITLE: A Request to Adopt a Budget Ordinance Reflecting Current Status of Loans and Reserve and New Loans to Carrboro Citizen and The Kind Coffee

DEPARTMENT: Management Services	PUBLIC HEARING: YES ___ NO <u>x</u>
ATTACHMENTS: Attachment A: Budget Ordinance	FOR INFORMATION CONTACT: James Harris, 918-7319 L. Bingham Roenigk, 918-7439

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 and the two new loans presented to the Board tonight. 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, 2009. In addition, the loans approved by the Board tonight are also appropriated.

INFORMATION

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 repayments anticipated on current loans through June 30, 2009 and appropriates funds for the Carrboro Citizen and The Kind Coffee loans. Based on current and estimated receipt of recurring loan repayments, general investment earnings, and the processing of the Carrboro Citizen and The Kind Coffee loans, cash reserves are projected to be at \$69,216 on June 30, 2009.

RECOMMENDATION

Adopt the budget ordinance amending the Revolving Loan Fund to reflect current status of loans and appropriation of loans for the Carrboro Citizen and The Kind Coffee Loans.