

# RPC-USDA REVOLVING LOANS

## Fund 474

### MISSION STATEMENT

The purpose of the USDA Intermediary Revolving Loan Program (IRP) is to alleviate poverty and increase economic activity and employment in rural communities with a population less than 25,000. Under the IRP program, loans are provided to local organizations (intermediaries) for the establishment of revolving loan funds. These revolving loan funds are used to assist with financing business and economic development activity to create or retain jobs in disadvantaged and remote communities. Intermediaries work in partnership with the Regional Planning Commission to leverage public and private resources and to advance complementary economic and community development initiatives.

### FINANCIAL

Fund 474 Summary			2018 Actual	2019 Original	2019 Projected	2020 Budget
331	13	USDA INTMD RELENDING PROG	\$0	\$195,000	\$0	\$0
		FEDERAL, STATE & LOCAL SHARED REVENUE	\$0	\$195,000	\$0	\$0
361	10	INVESTMENT INTEREST	\$13	\$0	\$0	\$0
361	20	INTEREST ON LOANS	\$20,273	\$15,000	\$7,500	\$15,500
		MISCELLANEOUS	\$20,286	\$15,000	\$7,500	\$15,500
REVENUE TOTALS			\$20,286	\$210,000	\$7,500	\$15,500
534	3	REMIT LOAN PAYMENTS	\$31,838	\$50,000	\$35,000	\$35,000
		SERVICES	\$31,838	\$50,000	\$35,000	\$35,000
571	75	TO REG PLAN COMM FUND 075	\$5,836	\$5,000	\$5,000	\$7,000
		INTERFUND EXPENDITURE	\$5,836	\$5,000	\$5,000	\$7,000
EXPENDITURE TOTALS			\$37,674	\$55,000	\$40,000	\$42,000

### FUND BALANCE

FY2018 Actual	FY2019 Projected	FY2020 Budgeted
\$918,356	\$885,856	\$859,356

The restricted fund balance will decrease slightly in FY20. The FY20 fund balance includes federal and local matching funds required for eligible IRP recipients.

### ALIGNMENT TO STRATEGIC PLAN

The Intermediary Revolving Loan Program (IRP) and associated public-private economic development initiatives seek to improve quality of life on individual and community levels.

### ANALYSIS

## **OPERATIONS ANALYSIS**

The USDA Intermediary Revolving Loan Program includes disbursement of new loans, receipt of principal and interest payments, investment interest, and transfers for qualified administrative expenses. In FY20, the RPC hopes to disburse over \$200,000 in economic development and rehabilitation loans to qualified businesses and public sector entities. The USDA Revolving Loan Program is projected to experience moderate growth. The requirement for issuing these loans in rural communities of populations less than 50,000 will further advance economic development initiatives in East Central Illinois. The maximum loan amount is \$250,000 or 75 percent of the total cost of the ultimate recipient's project for which the loan is being made, whichever is less.

## **REVENUE ANALYSIS**

Revenue growth is contingent upon generating new loan activity and repayment of existing loans. •\$250,000; or •75 percent of the total cost of the ultimate recipient's project for which the loan is being made, whichever is less.

## **EXPENDITURE ANALYSIS**

Expenditures in the USDA Revolving Loan Fund reflect transfers to the operating fund for administrative expenses related to management of the revolving loan fund, loan loss reserve for potential non-performing loans, annual loan re-payments to USDA, and disbursement of loan funds. Administrative expenses are limited to 2% of the average outstanding ultimate recipient loan balance per year.

## **DESCRIPTION**

The Regional Planning Commission seeks to provide effective financial management of the revolving loan portfolio, facilitate regional economic development initiatives, establish client collaboration to develop business plans, analyze business credit and economic impact, and recommend financing decisions.

## **OBJECTIVES**

1. Facilitate regional planning and economic development initiatives in rural communities by providing loans.
2. Ensure comprehensive loan service delivery to all clients and fulfill stated objectives of loan program.
3. Ensure full cost recovery through due diligence in the management of the revolving loan portfolio.
4. Develop strategic plans for future initiatives and develop methods for implementation and resource access.
5. Provide meaningful staff support to loan committee.

## **PERFORMANCE INDICATORS**

1. Successfully close at least two USDA Intermediary Relending Program (IRP) loan while maintaining an overall portfolio default rate of less than 2%.
2. Promote loan services in the six county area.
3. Maintain an active loan review committee.
4. Complete reporting requirements with each loan, quarterly and annual reports.