



Department of Finance and
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MEMORANDUM

DATE: January 28, 2021

TO: Cathy Anderson, CDA Director

CC: Cameron Clapper, City Manager;

FROM: Steve Hatton, Director of Finance & Administrative Services

RE: CDBG Close Program

This memo is an update to the Jan 6, 2021 memo to document final values submitted to and validated with DOA. These values are being used to make corresponding accounting entries and remittance of cash to DOA to complete the CDBG Close process.

The CDBG Revolving Loan Program is being discontinued as of 12/31/2020 as a result of the CDBG Close program directed by the Wisconsin Department of Administration (DOA). Under CDBG Close, all program cash and receivables are to be remitted to the DOA by January 31, 2021. The CDA and Finance staff have reviewed receivables with legal counsel and identified the following actions:

1. Write-offs. The following loans are being written off as uncollectable:

| Account | Account Title | Origination Date | Balance Owed at 12/31/2020 |
|--------------------------------|---------------------------------|---------------------|-------------------------------|
| 910-13002 | CDBG LOAN-THERMODATA-\$100K | 4/22/2014 | \$ 75,038.87 |
| 910-13022 | CDBG LOAN-EDVIEWRATE-\$102,510 | 9/8/2014 | \$ 102,510.00 |
| 910-13025 | CDBG LOAN-MOBILE MESH-\$102,510 | 2/12/2015 | \$ 102,510.00 |
| 910-13028 | CDBG LOAN-V2 LEAGUE-\$51,560 | 7/1/2015 | \$ 29,036.81 |
| 910-13029 | CDBG LOAN-MOBILE MESH-\$21,710 | 4/26/2016 | \$ 21,710.00 |
| Total Value pending write-off: | | | <u>\$ 330,805.68</u> |

These write-offs will be offset against the reserve account held in 910-13499. The remaining \$53,273.32 reserve balance will be transferred into the Action Fund Reserve established in 910-17999

2. Administrative Recovery. The CDBG RLF program permits recovery of Administrative costs. As part of the CDBG Close reporting prepared for DOA, \$34,209.69 in administrative costs were identified for the April 1, 2017 to December 31, 2020 period. These costs represent staff time and vendor costs documented over this reporting period. The \$34,209.69 Administrative Recovery will be deducted from the funds due to DOA under the CDBG Close program and reducing the additional funds being supplied by the Action Fund to purchase the receivables identified in item 4 below.

3. Cash. The CDBG Revolving Loan Fund cash is accounted for in 910-11500 with a balance of \$559,303.02 at 12/31/2020. After deducting \$34,209.69 in Administrative costs, the remaining \$502,228.91 is required to be returned to DOA.
4. Purchased Receivables. The following CDBG RLF loans are being acquired by the Action Fund (formerly UDAG)

| CDBG Account | Account Title | Origination Date | Balance Owed at 12/31/2020 | New Action Account |
|--------------------------------------|---------------------------------|------------------|----------------------------|--------------------|
| 910-13009 | CDBG LOAN-LEARNING DEPOT | 7/1/2016 | \$ 41,294.63 | 910-13501 |
| 910-13013 | CDBG LOAN-IBUTTONLINK | 1/3/2014 | \$ 9,682.42 | 910-13502 |
| 910-13021 | CDBG LOAN-BIKEWISE-\$62,600 | 12/27/2012 | \$ 23,099.36 | 910-13503 |
| 910-13024 | CDBG LOAN-MEEPER TECH-\$102,510 | 2/12/2015 | \$ 97,907.69 | 910-13504 |
| 910-13030 | ACTION-MEEPER-\$82,310 | 4/26/2016 | \$ 82,310.00 | 910-13505 |
| 910-13033 | CDGB LOAN-BLUE LINE \$41,460 | 3/6/2018 | \$ 34,520.75 | 910-13506 |
| 910-13034 | CDGB LOAN-BLUE LINE \$51,560 | 9/13/2018 | \$ 45,457.82 | 910-13507 |
| Value of Receivables being acquired: | | | <u>\$ 334,272.67</u> | |

The Action Fund bank account will provide the funding to acquire these receivables.

Summary:

| | | | |
|------------------------|-------------------------|-------------------|---|
| 1 | Write-offs | (330,805.68) | Paid to Action Fund Account 910-11800 from CDBG Account 910-11500 |
| 2 | Administrative Recovery | (34,209.69) | |
| 3 | Cash, net of Admin | 525,093.33 | Paid to DOA from CDBG account 910-11500 |
| 4 | Purchased Receivables | <u>334,272.67</u> | Paid to DOA from Action Fund Account 910-11800 |
| Total Funds Due to DOA | | <u>859,366.00</u> | Net Amount due DOA |

*Net Action Fund amount drawn (Item 2 plus Item 4): \$300,062.98

End - SH