

**TAX INCREMENT DISTRICT  
FINANCIAL REPORT  
JULY 1, 2018 TO JUNE 30, 2019**



**CITY OF POLSON, MONTANA**

## History of the Polson Redevelopment Agency

Polson adopted Resolution No. 739 on November 3, 1997. This resolution designated four areas in the City of Polson as blighted: Salish Point, The Central Business District, the Railyard and the adjacent Commercial/Light Industrial areas; and called for the creation of an urban renewal plan for the City.

The Polson Community Development Corporation (no longer in existence) developed a draft urban renewal plan (draft plan) for the City and presented that draft plan in August, 1998 to the City-County Planning Board (CCPB) for their approval. The CCPB determined that the draft Plan conformed to the Polson Master Plan and Development Code. Ordinance No. 559 was passed on January 19, 1999 which created an urban renewal planning commission to further review the draft plan and complete a final plan to be presented to the public and the City Commission for approval.

The final Urban Renewal Plan called “Consider the Possibilities for Polson!” was adopted by the City Commission on May 1, 2000. This plan created the tax increment financing district (TIF) with a base year of 1999 (which was later revised to 2002 by Ordinance No. 591) and the Polson Redevelopment Agency (PRA). The initial members of the PRA were also nominated and appointed at that meeting. Ordinance No. 591 was passed on October 20, 2003 that formally adopted the Urban Renewal Plan pursuant to Section 7-15-4216(3) MCA.

The PRA consists of five members who must be City residents. Each member serves a 4 year term. The members are appointed by the City Commission. The PRA has oversight of the Tax Increment Financing Fund (Fund #2310) but the City Commission has final approval on all expenditures for that fund. Included with this report is a map of the TIF district. For a period of 8 years following establishment of the base year, the TIF received no tax revenue. The PRA asked the County to conduct an audit of the TIF district to ascertain why there was no increase in value over the base year. That audit concluded that there were errors in the setup and calculation of the TIF district by the Department of Revenue. The City received a lump sum of \$90,000 from the County in 2010 and another \$8,000 in early 2011 for back years 2003 – 2009 and has been receiving tax revenue since that time. The County held \$2,473 for tax year 2009 pending final valuation adjustments from the Department of Revenue. This amount is part of the tax receivables.

During the City’s FY2014 audit, the City’s auditor was asked to look at the requirement for a bi-annual audit of the PRA and its activities. Based on her finding #2014-2 she stated that the implementation document (Consider the Possibilities for Polson!) and the actual functioning of the PRA were not aligned. Under MCA codes the PRA can either operate as its own separate body and its activities would be a component unit of the City or it can merely be an advisory board to the City with City control of all activities. The City clarified the function of the PRA as an advisory board to the City Commission through Ordinance #2015-009.

The TIF district has previously contributed funds to the Streetscape project (\$150,000), Riverside Park Stairs (\$6,269), the walking path in Sacajawea Park (\$76,677), the walkway connecting Sacajawea Park and Riverside Park and the City Dock Rehab (secured debt financing of \$800,000

plus \$66,500 in cash). Included with this report is a list of current projects that have received Tax Increment District funding or are scheduled to receive funding.

**RESOLUTION NO. 739**

**A RESOLUTION FINDING THAT AN AREA OF BLIGHT EXISTS WITHIN AREAS DESIGNATED BY POLSON'S MASTER PLAN AS SALISH POINT, THE CENTRAL BUSINESS DISTRICT, RAILYARD AND THE ADJACENT TRANSITIONAL AND LIGHT INDUSTRIAL/COMMERCIAL (EXHIBIT "A) ZONES AND THAT REHABILITATION, REDEVELOPMENT OR A COMBINATION THEREOF, WITHIN SUCH AREA IS NECESSARY IN THE INTEREST OF THE PUBLIC HEALTH, SAFETY, MORALS OR WELFARE OF THE RESIDENTS OF THE CITY OF POLSON.**

**WHEREAS**, on February 21, 1994 the City Council of the City of Polson adopted the Polson Master Plan (hereinafter "Plan"); and

**WHEREAS**, on March 7, 1994 the City Council of the City of Polson adopted the Polson Development Code (hereinafter "Code"); and

**WHEREAS**, the Plan adopted investment strategies calling for urban renewal and revitalization within the Policy Areas known as Salish Point, the Central Business District (CBD) and the Railyard; and

**WHEREAS**, the Code provides for a well-planned transition from single family residential to higher density residential or commercial uses within the Transitional area adjacent to the CBD; and

**WHEREAS**, the Code also provides for a wider range of commercial and industrial development is similar to that specified for the Railyard; and

**WHEREAS**, in the process of developing the Plan and in conducting a windshield survey of the residential and commercial structures in the areas, the following blighting conditions were found:

- 1) present urbanized land use patterns incorporate a haphazard and incompatible mix of uses;
- 2) 147 existing structures are structurally substandard, of which 50 are substantially to severely substandard;
- 3) interaction of pedestrians, bicycles and vehicles can create dangerous situations; and
- 4) growth within the areas is resulting in increased strains on infrastructure, parking, streets, sidewalks and other city services; and

**WHEREAS**, the above factors involving land use, transportation and safety indicate a relationship of factors contributing to the blighting conditions which exist in the area under subsection 7-15-4206, MCA; and

**WHEREAS**, urban renewal and revitalization of the above mentioned areas are an integral part of the Plan as adopted by the City; and

**WHEREAS**, such urban renewal and revitalization will enable the City to consider projects and incentives to encourage the orderly redevelopment of commercial and residential properties in the area; and

**WHEREAS**, preparation of an urban renewal plan for the entire area may result in an Ordinance which includes:

- 1) an urban renewal plan for the area conforming to the Code and Plan, or parts thereof, for the City of Polson as a whole, and
- 2) an urban renewal plan affording maximum opportunity, consistent with the sound needs of the City of Polson as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise, and
- 3) an urban renewal plan addressing infrastructure needs, prioritized and conforming to the Code, plan and capital improvements plan, or parts thereof, for the City of Polson as a whole; and
- 4) a phased schedule of implementation which addresses the specific concerns of each of the zones (Salish Point, CBD, Railyard) within the renewal area and provides for orderly transition between zones; and
- 5) an implementation schedule which prioritizes projects and determines which portions of the renewal area should be addressed over a sequential period of time; and

6) a sound and adequate financial program for financing of said project(s).

**WHEREAS**, it is the desire of the City of Polson to exercise the powers conferred by the Montana Urban Renewal Law; and

**WHEREAS**, the Montana Urban Renewal Law states that no municipality may exercise any of the powers conferred therein until after its local governing body shall have adopted a Resolution of Necessity.

**NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF POLSON, MT:**

**SECTION I.** That one or more blighted areas exist in the City of Polson, specifically the area encompassing the Salish Point, Central Business District, Railyard, Transition and Commercial/Light Industrial Zones as described in Exhibit "A".

**SECTION II.** That the rehabilitation, redevelopment or combination thereof, of such area or areas is necessary in the interest of the public health, safety, morals and welfare of the residents of the City of Polson.

**SECTION III.** That the Polson Community Development Corporation, as a non-profit organization working with and on behalf of City Council, shall be authorized to prepare an Urban Renewal Plan for the area as described above and in Exhibit "A".

**SECTION IV.** That said plan shall be presented to the Polson City/County Planning Board within sixty days from the date of this resolution.

**SECTION V.** That this resolution shall take effect immediately upon passage by the city Council.

**PASSED AND APPROVED BY THE CITY COUNCIL AND MAYOR OF THE CITY OF POLSON THIS 3rd DAY OF NOVEMBER, 1997**

*John W. Glueckert*  
\_\_\_\_\_  
John W. Glueckert, Mayor

**ATTEST:**

*Aggi Loeser*  
\_\_\_\_\_  
Aggi Loeser, City Clerk

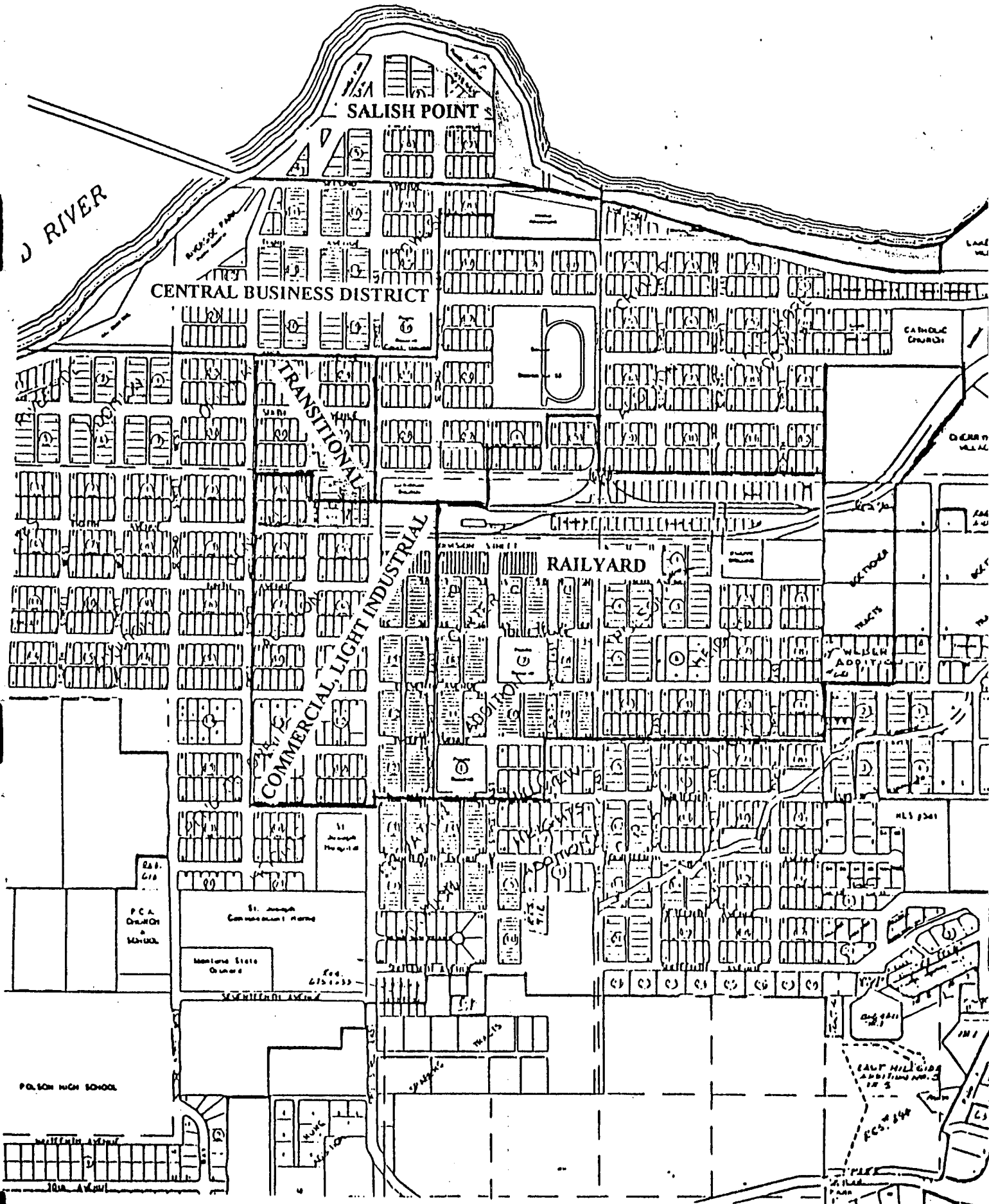
**STATE OF MONTANA )**  
**: ss. )**  
**County of Lake )**

On this 3rd day of November, 1997, before me, the undersigned Notary Public for the State of Montana, personally appeared JOHN W. GLUECKERT and AGGI LOESER, known to me to be the Mayor and the City Clerk of the CITY OF POLSON, Montana, the municipal corporation that executed the foregoing instrument, and acknowledged to me that such corporation executed the same.

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed my Notarial Seal the day and year in this certificate first above written.

*Bonnie Cornett*  
\_\_\_\_\_  
Notary Public for the State of Montana  
Residing at Polson Montana  
My commission expires: 8-16-2000

EXHIBIT "A" (Resolution #739)



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ORDINANCE NO. 591

**AN ORDINANCE TO APPROVE AN URBAN RENEWAL PLAN FOR THE CITY OF POLSON:**

**Whereas**, the City of Polson did, in November, 1997, create an Urban Renewal District; and,

**Whereas**, a draft Urban Renewal Plan was reviewed by the City-County Planning Board in August, 1998, open to public comment upon lawful notice, which determined that such Plan conforms with Polson Master Plan and Development Code or parts thereof for the municipality as a whole; and,

**Whereas**, the City of Polson did, in January, 1999, create an Urban Renewal Commission, appointing members thereto in June, 1999; and,

**Whereas**, in April, 2000, the Polson Urban Renewal Commission held a public hearing on the issue of tax increment financing of the proposed Urban Renewal Plan; and,

**Whereas**, in October, 2002, the City Council of the City of Polson, by and through its appointed agent, the Polson Urban Renewal Commission, held public hearing on the proposed Urban Renewal Plan pursuant to Section 7-15-4214 and 4215; and,

**Whereas**, at the regular meeting of the Polson City Council of November 18, 2002, the motion was made, seconded, and passed unanimously approving the Urban Renewal Plan with proposed amendments; the adoption of the district boundaries as previously defined and consideration of including all of the rail yard within the district boundaries; adoptio of the 2002 year as the base year for the purpose of tax increment gathering; inclusion of the statutes in question, and the inclusion of a statement that all redevelopment actions taken by the Polson Redevelopment Agency are to go before the City Council for review and approval; and,

**Whereas**, a copy of the proposed and adopted Urban Renewal Plan, entitled, "Consider the Possibilities for Polson!", is appended hereto, adopted herein, and made a part hereof as if fully set forth in this place, subject to the amendments mentioned above; and,

**Whereas**, the City of Polson desires by this Ordinance to formally adopt the Urban Renewal Plan pursuant to Section 7-15-4216(3), Montana Codes; and,

**Whereas**, it is the intention of the City of Polson, by this Ordinance approving and adopting such Urban Renewal Plan, to authorize, as provided in Section 7-15-4282, Montana Codes, the provisions in such Urban Renewal Plan for the segregation and application of tax increments.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF POLSON, MONTANA:**

1. The foregoing recitals are not mere recitals but are part and parcel of this ordinance.
2. The Urban Renewal Plan entitled "Consider the Possibilities for Polson!" is adopted as the Urban Renewal Plan.
3. The District Boundaries shall be those set forth in the Plan.

- 4. The tax year 2002 shall, so far as is feasible, be the base year for any tax increment financing scheme contemplated in the Plan.
- 5. Administration of the Plan shall proceed under Chapter 9.2 thereof, under the Commissioners appointed pursuant to Polson City Ordinance Number 559 and any successor Commissioners subsequently appointed pursuant to that Ordinance and Section 7-15-4234 and 4235, Montana Codes. Until further direction by the City Council, any contemplated Urban Renewal Projects, as defined at Section 7-15-4206(19), Montana Codes, undertaken pursuant to the Plan shall be subject to review and approval by the Polson City Council.
- 6. Such administration shall, as its first task, review and make any necessary amendments to the text of the Urban Renewal Plan predicated on any comments received during any public comment period already held, for final approval by the City Council of the City of Polson.

REPEALING CLAUSE: All Ordinances or parts of ordinances in conflict herewith are hereby repealed.

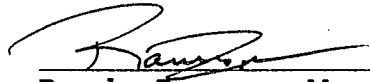
FIRST READING: October 6, 2003

SECOND READING: October 20, 2003

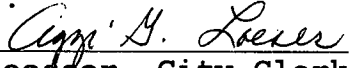
NOW, THEREFORE, the foregoing Ordinance shall become effective on November 20, 2003.

PASSED AND ADOPTED THIS twentieth day of October, 2003.

CITY OF POLSON

  
 Randy Ingram, Mayor

ATTEST:

  
 Aggi Loesser, City Clerk



ORDINANCE # 2015-009

AN ORDINANCE TO AMEND SECTION 2.05.510 TO CLARIFY  
THAT NO SEPARATE AGENCY IS CREATED FOR  
POLSON URBAN RENEWAL

WHEREAS, the City Commission of Polson has been requested by its auditor to clarify its intentions in the creation of the urban renewal board and to define its role in the administration of the urban renewal planning

WHEREAS, the Commission has never intended by its actions or statements to create a separate agency for urban renewal and seeks to minimize the costs of the improvements by administering and accounting within the existing departments and personnel of the city;

WHEREAS, it appears in the best public interest that the following ordinance be amended to clarify the Commission's intentions for the urban renewal planning of the City of Polson.

NOW, THEREFORE, BE IT ORDAINED by the City of Polson that the following section of the Ordinances of the City of Polson be amended:

**Sec. 2.05.510. Creation; powers and duties.**

The city commission shall by resolution or ordinance create an urban renewal board or economic development district board to exercise any of the powers authorized pursuant to Title 7, Chapter 15, Parts 42 and 43, MCA which are specifically authorized for that board by the city commission. The city elects not to create a separate agency for purposes of administration of these sections and to assign the project powers to the urban renewal board, with final approval by the city commission. Furthermore, the financial and accounting functions of the urban renewal process are assigned to the finance department of the City, as authorized by MCA 7-15-4232.

The clerk is hereby instructed to codify this Ordinance and to place the same in the Book of Ordinances of the City of Polson.

Date: 09/09/15

First Reading:       7   ayes          nays          abstentions

Date: 09/21/15

Second Reading:     5   ayes          nays          abstentions     2   absent

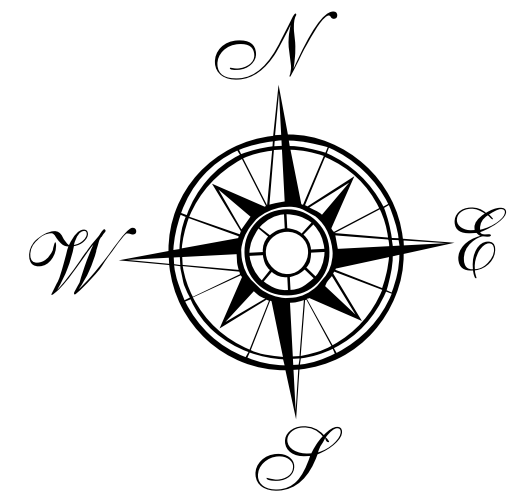
Effective Date:    October 21, 2015

\_\_\_\_\_  
Mayor Heather Knutson

Attest:

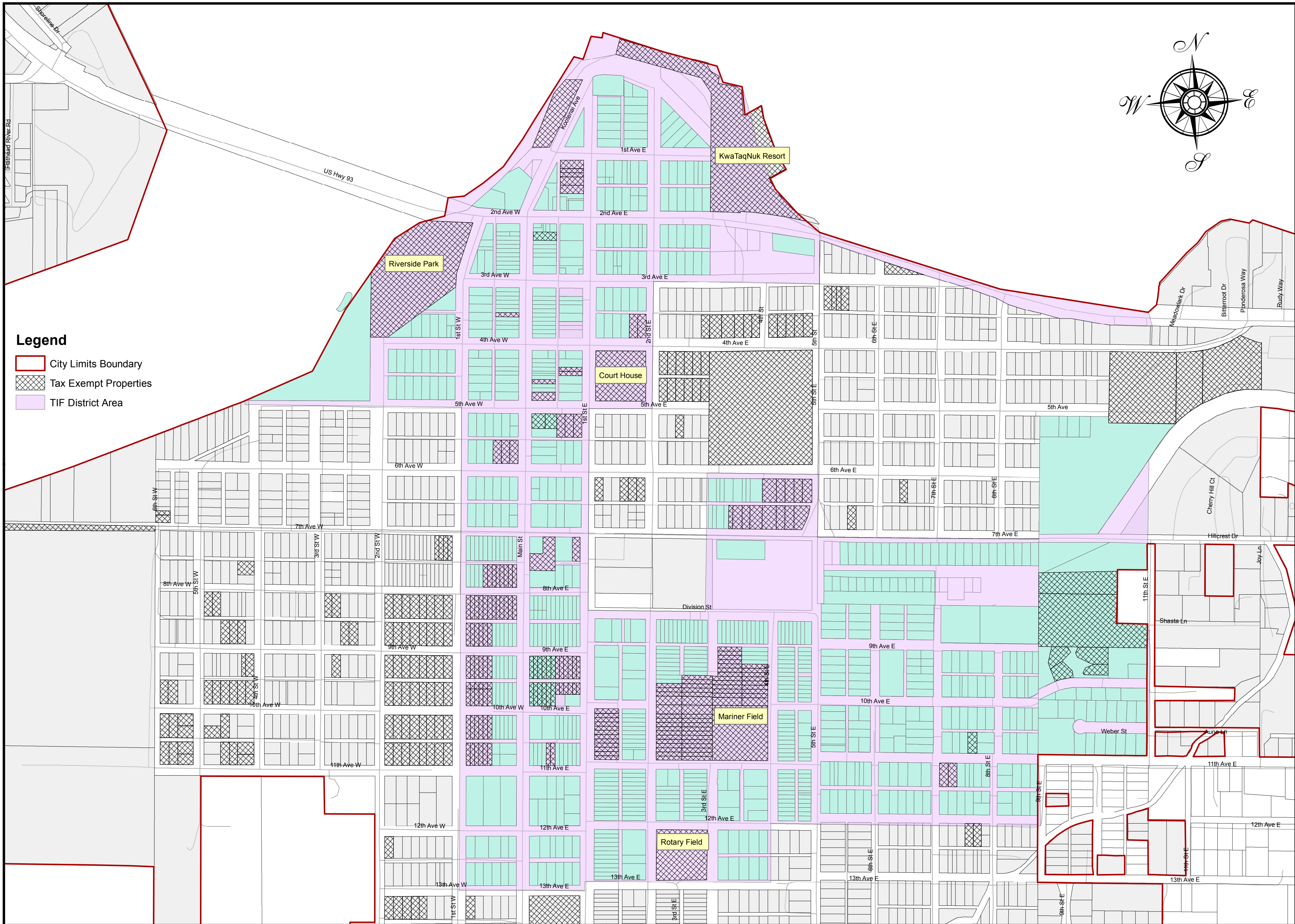
\_\_\_\_\_  
City Clerk Cora E. Pritt

# City of Polson | TIF District Map



## Legend

- City Limits Boundary
- Tax Exempt Properties
- TIF District Area



0 0.125 0.25 0.5 0.75 1 Miles  
 1 inch = 0.06 miles

The maps and map data are provided "as-is" and are not legal surveys or legal descriptions. The City of Polson, MT explicitly disclaims any representations and warranties as to the accuracy, timeliness, or completeness of maps and data. These maps and data are created from multiple city, county, state and federal sources. The source data may contain errors. These maps and data should not be used for navigational, tracking, or any other purpose requiring exacting measurement of distance or direction. In no event will the City of Polson, MT or its officers or employees be liable for any losses or damages that might arise from the use of the maps and data. The City of Polson shall assume no liability for any decisions made, or actions taken, or not taken by the user of the maps and data. Nov 20, 2017

**FY 2019 (July 1, 2018 – June 30, 2019)**

**Polson Redevelopment Agency (PRA)**

**At-a-glance Status Report**

October 2019

PRA Board Members: Gayle Siemers (Chair), Lisa Kinyon (Vice Chair) Molly Owen, Brodie Moll, Karen Dunwell

PROJECTS/TASKS	STATUS	LOGIC	GRANT FUNDS AWARDED	GRANT FUNDS DISPERSED	URBAN RENEWAL PLAN GOAL
Define and understand scope of responsibilities and functions of PRA advisory board	- Quarterly meetings - Goal-setting process for members and community - Revised PRA Application	- To obtain better education for agency and community - Revised PRA application better fits goals of Polson Redevelopment Plan	--	--	--
PRA Grant: Vine & Tap Façade Improvement	Request for \$16,048 for after-the-fact façade improvement – request denied	Project was completed three years ago and therefore ineligible for grant funds	--	--	--
Polson Economic Development Coordinator	\$10,000 from PRA combined with \$10,000 from Greater Polson Community Foundation. Coordinator worked alongside with Polson Chamber of Commerce and Lake County Community Development Corp.	Coordinator to assist clients/applicants desiring to improve properties located within the TIF District or otherwise contribute to the economic revitalization of the TIF District, as necessary to help identify resources and technical assistance as may be available to	--	--	Goals #2, #7, and #9 ( <i>Consider the Possibilities for Polson! – Urban Renewal Plan, pg. 9</i> )

PROJECTS/TASKS	STATUS	LOGIC	GRANT FUNDS AWARDED	GRANT FUNDS DISPERSED	URBAN RENEWAL PLAN GOAL
		them from a variety of sources. Also, work with applicants and potential applicants to determine if a project qualifies for PRA funds and other funding sources.			
PRA Grant: Handmade Montana	PRA Grant awarded and funding contributed to new business downtown. Project completed.	Project involved new business locating into vacant building downtown. Funding contributed toward interior remodel and façade improvement	\$18,895	\$18,895	Goal #9 ( <i>Consider the Possibilities for Polson!</i> – <i>Urban Renewal Plan</i> , pg. 9)
PRA Grant: Cove Deli	PRA Grant awarded and funding contributed to repainting of building exterior. Project completed	Funding contributed to façade improvement of 35% of building	\$2,762	\$0 (\$2,762 were dispersed in FY 20)	Goal #9 ( <i>Consider the Possibilities for Polson!</i> – <i>Urban Renewal Plan</i> , pg. 9)
PRA Grant: Betty's Diner	PRA Grant awarded and funding will contribute to replacing a service sewer line and upgrading the building's HVAC system. Project is in progress	Funding will contribute to an improved operating climate for an existing business within the district	\$11,562	\$0	Goal #9 ( <i>Consider the Possibilities for Polson!</i> – <i>Urban Renewal Plan</i> , pg. 9)
			<b>Total: \$33,219</b>	<b>Total: \$27,695</b> (\$8,800 of total dispersed was for Alpine Design grant awarded in FY 18, but funds dispersed in FY 19)	

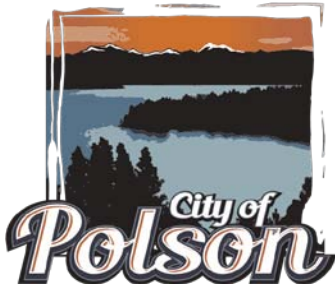
**CITY OF POLSON  
TAX INCREMENT FINANCING DISTRICT  
SELECTED FINANCIAL INFORMATION DETAIL  
June 30, 2019**

**Long-term Liabilities:**

**TIF FUND** Current principal portion of long-term debt \$ 66,318.80  
(amount due within one year)

**TIF FUND** Long-term principal portion of debt \$402,080.00

(The debt represents the balance owed on 5 tax increment financing bonds issued on August 15, 2013 in a total amount of \$800,000. Bond term is 12 years with a 2.987% APR. Payments are made semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup>. As of June 30, 2019 there are 13 payments remaining with the final payment on 08/15/2025.)



## CITY OF POLSON

Administration & Finance Dept.  
106 1<sup>st</sup> Street E. | Polson, MT 59860  
T: 406-883-8204 | F: 406-883-8238  
E: [finance@cityofpolson.com](mailto:finance@cityofpolson.com)  
W: [www.cityofpolson.com](http://www.cityofpolson.com)

### ACCOUNTANT'S COMPILATION REPORT

To the City Commission  
City of Polson  
106 1<sup>st</sup> Street East  
Polson, Montana 59860

I have compiled the accompanying balance sheet – governmental fund of the City of Polson Tax Increment District as of June 30, 2019, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. The object of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the fund's assets, liabilities, fund balance, revenues and expenditures. Accordingly the financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to the City of Polson because I am an employee of the City of Polson.

*Cindy M Dooley, CPA*

October 08, 2019



**CITY OF POLSON, MONTANA**

**BALANCE SHEET - GOVERNMENTAL FUND**

**TAX INCREMENT DISTRICT FUND**

June 30, 2019

**ASSETS**

Current Assets

Cash and Investments - Restricted - Operating	\$ 819,402.42	
Cash and Investments - Revenue Bond Sinking and Interest	26,606.10	
Cash and Investments - Restricted - Bond Reserve	40,000.00	
Taxes Receivable	6,422.41	
Interest Receivable	173.35	
Due from Lake County	7,822.36	
Total Current Assets		\$ 900,426.64

Total Assets \$ 900,426.64

**LIABILITIES**

Current Liabilities

Accounts Payable	\$ 2,548.13	
Accrued Interest Payable	5,217.68	
Deferred Tax Revenue	6,422.41	
Total Current Liabilities		\$ 14,188.22

Total Liabilities 14,188.22

**FUND BALANCE**

Restricted	<u>886,238.42</u>	
Total Fund Balance		886,238.42

Total Fund Balance and Liabilities \$ 900,426.64

**CITY OF POLSON, MONTANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

TAX INCREMENT DISTRICT FUND  
FOR THE YEAR ENDED JUNE 30, 2019

**REVENUE**

Real & Personal Property Tax Revenue	\$ 151,326.31	
Penalties and Interest on Delinquent Taxes	377.13	
State Personal Property Tax Reimbursement	13,081.14	
Interest Earnings - (Estimate)	4,301.47	
Total Revenue		\$ 169,086.05

**EXPENDITURES**

Purchased Services	6,980.50	
General Fund Indirect Cost Payment	3,752.00	
TIFD Grants	27,695.00	
Debt Service - Principal	64,381.40	
Debt Service - Interest	14,719.76	
Total Expenditures		117,528.66

Excess of revenues over expenditures 51,557.39

**OTHER FINANCING SOURCES (USES)**

Transfer to Special Gas Tax Fund	(2,859.41)	
Total Other Financing Sources (Uses)		<u>(2,859.41)</u>

**NET CHANGE IN FUND BALANCE** 48,697.98

**FUND BALANCE**

Fund Balance Beginning of Year, July 1, 2018		836,844.22
Prior Period Adjustment - Interest expense		696.22
Fund Balance, June 30, 2019 (Estimate)		<u>\$ 886,238.42</u>

See Accountant's Compilation Report  
These financial statements are not audited or reviewed