City Council
Agenda Item

Subject: Authorization to write off the unpaid loan balance for the Inter-fund loan between the Capital Improvement Fund and Tax Increment Fund #2.

Meeting: City Council - Dec 16 2024

From: Kristen Bobzien, Interim City Manager/Chief Financial Officer

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BACKGROUND INFORMATION:

Tax Increment District Number Two was created in 2004 for the Mallard Pointe Industrial Park improvements. The Capital Improvement Fund (212) paid for the construction costs and the City approved an Inter-fund loan between the Capital Improvement Fund and TIF #2 Fund. TIF #2 is dissolved as of December 31, 2024 following the allowed 20 years.

FINANCIAL CONSIDERATIONS:

The current loan balance is $1,526,117.44 and will be written off at the end of 2024.

STAFF RECOMMENDATION / SUGGESTED MOTION:

I move to approve Resolution No. 24-38 to write off the Inter-fund Loan balance between the Capital Improvement Fund and TIF #2 fund for approximately $1,526,117.44.

ATTACHMENT(S):

TIF #2 LOAN

Resolution No. 24-38

Resolution Relating to a Tax Incremental Inter-fund Loan Payable/Receivable; Write-off Outstanding Inter-fund Loan Balance

Whereas, the City created Tax Incremental Financing District No. 2 (TIF #2) on August 2, 2004; and,

Whereas, on December 20, 2004, the Watertown City Council authorized an inter-fund loan in the maximum amount of $1.02 million plus capitalized interest to be made from the Capital Improvement Fund to the TIF #2 Fund with a final loan maturity date of no later than December 31, 2024, and which will bear interest at the rate of 7.00%;

Whereas, the City dissolved TIF #2 effective December 31, 2024,

Now, therefore be it resolved by the City of Watertown that, the Watertown City Council hereby authorizes and approves the unpaid inter-fund loan balance of approximately $1,526,117.44 related to TIF #2 be written off as of December 31, 2024.

Dated at Watertown, South Dakota, this 16th day of December, 2024.

The above and foregoing resolution was moved for adoption by Alderperson ________, seconded by Alderperson _______, and upon roll call vote motion carried, whereupon the Mayor declared the resolution to be duly passed and adopted.

I hereby certify that Resolution No. 24-38 was published in the Watertown Public Opinion, the official newspaper of said City, on the 21st day of December, 2024.

____
Ried Holien, Mayor

ATTEST:

____
Jennifer Collins
Licensing and Records Manager

RESOLUTION NO. 24-24

A RESOLUTION DISSOLVING TAX INCREMENTAL DISTRICT NUMBER TWO, COMPRISING MALLARD POINTE INDUSTRIAL PARK, AFTER MATURITY OF TERM YEARS

WHEREAS on August 2, 2004, the Watertown City Council approved, per SDCL 11-9-5, the project plan for, and creation of, "Tax Incremental District Number Two, City of Watertown," a district that then, as now, corresponds to the Mallard Pointe Industrial Park within the City of Watertown;

WHEREAS the City Council of the City of Watertown is authorized to dissolve this TIF pursuant to SDCL 11-9-25.

NOW, THEREFORE, BE IT RESOLVED by the City of Watertown that, pursuant to SDCL 11-9-25, the City Council dissolves "Tax Incremental District Number Two, City of Watertown", effective December 31, 2024.

Dated at Watertown, South Dakota, this 3rd day of September, 2024.

The above and foregoing resolution was moved for adoption by Alderperson Buhler, seconded by Alderperson Schutte, and upon voice vote motion carried, whereupon the Mayor declared the resolution to be duly passed and adopted.

I hereby certify that Resolution No. 24-24 was published in the Watertown Public Opinion, the official newspaper of said City, on the 7th day of September, 2024.

City of Watertown

Ried Holien
Mayor

Attest:

Kristen Bobzien
Chief Financial Officer

Resolution No. 04-71

Resolution Relating to a Tax Incremental Inter-fund Loan Payable/Receivable; Authorizing an Inter-fund Loan and Making Provisions for Repayment

Whereas, the City has created Tax Incremental Financing District No. 2 (TIF #2); and,

Whereas, pursuant to SDCL Section 11-9-31, a special fund entitled *TIF #2 Fund* has been created on the books of the City for the purpose of receiving positive tax increments and paying project costs; and,

Whereas, the City has incurred project costs and will incur additional project costs in accordance with the Project Plan submitted by the Watertown Planning Commission and adopted by the City Council on August 2, 2004, to develop public improvements in the TIF #2; and,

Whereas, the City Council finds that the most cost effective means of financing such project costs is to utilize funds available in the Capital Improvement Fund by making an inter-fund loan from the Capital Improvement Fund to the TIF #2 Fund.

Now therefore be it resolved that the Watertown City Council hereby authorizes and approves an inter-fund loan in the maximum amount of $1.02 million plus capitalized interest to be made from the Capital Improvement Fund to the TIF #2 Fund with a final loan maturity date of no later than December 31, 2024, and which will bear interest at the rate of 7.00%.

Be it further resolved, that the various provisions of the inter-fund loan as set out in a Tax Incremental Inter-fund Loan (Note) Payable/Receivable document to be dated December 31, 2004, are hereby approved; the Mayor and the Finance Officer are hereby authorized and directed to execute the Tax Incremental Inter-fund Loan (Note) Payable/Receivable document.

Dated this 20th day of December 2004.

Brenda S. Barger, Mayor

ATTEST:

Tracy D. Turbak, CPA
Finance Officer

The above and foregoing Resolution was moved for adoption by Alderman Culhane, and seconded by Alderman Wilson, and upon the roll call, the Mayor declared the same to passed and adopted.

I hereby certify that Resolution 04-71 was published in the Watertown Public Opinion, the official newspaper of said City, on the 31st day of December, 2004 and a copy of the publication is on file in the City Finance Office.

Tracy D. Turbak, CPA

CITY OF WATERTOWN SOUTH DAKOTA

City of Watertown, SD

My Balance Sheet
Account Summary
As Of 12/31/2024

Account	Name	Balance	
Fund: 212 - CAPITAL IMPROVEMENT FUND			
Assets			
212-10100	CASH BALANCE	12,653,068.30	
212-10101	RESTRICTED CASH	0.00	
212-10106	CASH WITH FISCAL AGENT	0.00	
212-10701	LAND CASH ACCOUNT	0.00	
212-10702	PRINCIPAL & INTEREST CASH ACCO	4,068,551.88	
212-10703	RESERVE CASH ACCOUNT	334,825.00	
212-10704	REVENUE BOND CASH ACCOUNT	76,917.02	
212-10705	ASSIGNED - ICE BOND	2,149,813.12	
212-11400	SALES TAX RECEIVABLE	0.00	
212-11500	ACCOUNTS RECEIVABLE	2,166,200.00	
212-11502	OTHER RECEIVABLES	0.00	
212-11503	OTHER RECEIVABLES	0.00	
212-11504	DEFERRED RECEIVABLE - LEASES	0.00	
212-11511	DUE FROM OTHER FUNDS	0.00	
212-12300	SPEC ASSESSMENTS REC - DEFER	237,938.62	
212-12800	LOANS RECEIVABLE	31,282.73	
212-13200	DUE FROM STATE GOVERNMENT	0.00	
212-13201	DUE FROM FEDERAL GOVERNMENT	0.00	
212-13202	DUE FROM OTHERS	0.00	
212-13300	ADVANCE TO REC CENTER PROJECT	0.00	
212-13302	ADVANCE TO TIF#1 FUND #275	0.00	
212-13303	ADVANCE TO TIF#2 FUND #280	1,526,117.44	
212-13304	ADVANCE TO TIF #3 FUND 281	0.00	
212-13305	ADVANCE TO TIF #6 FUND 283	0.00	
212-13306	ADVANCE TO TIF #5 FUND 282	1,159,443.36	
212-13307	ADVANCE TO TIF#7 FUND 284	0.00	
212-13308	ADVANCE TO TIF#8 FUND 285	0.00	
212-13309	ADVANCE TO TIF#9 FUND 286	0.00	
212-13310	ADVANCE TO TIF#10 FUND 287	1,796,863.56	
212-13500	INTEREST REC-INVESTMENTS	0.00	
212-13501	INTEREST RECEIVABLE - PURCHASE	0.00	
212-15500	PREPAID EXPENSES	0.00	
212-18901	PREPAID INSURANCE PREMIUM	224,733.77	
	Total Assets:	**26,425,754.80**	**26,425,754.80**
Liability			
212-20100	CLAIMS PAYABLE	0.00	
212-20200	ACCOUNTS PAYABLE	0.00	
212-20600	CONTRACTS PAYABLE	0.00	
212-20710	RETAINAGE PAYABLE	0.00	
212-20800	DUE TO GENERAL FUND	0.00	
212-20801	DUE TO PARK & RECREATION FUND	0.00	
212-20802	DUE TO SEWER	0.00	
212-20900	DUE TO OTHER FUNDS	0.00	
212-21500	ACCRUED INTEREST PAYABLE	0.00	
212-21711	1 % SALES TAX PAYABLE	0.00	
212-21712	2% EXCISE TAX PAYABLE	511.02	
212-21714	4.2% SALES TAX PAYABLE	0.00	
212-21716	6.2% SALES TAX PAYABLE	0.00	
212-21717	7.2% SALES TAX PAYABLE	0.00	
212-21907	AMOUNTS HELD FOR OTHERS	29,382.60	
212-22200	SPEC ASSESSMENTS - DEFERRED	237,938.62	
212-22230	DEFERRED REVENUE - LEASES	0.00	

CITY OF WATERTOWN SOUTH DAKOTA

City of Watertown, SD

My Balance Sheet
Account Summary
As Of 12/31/2024

Account	Name	Balance	
Fund: 280 - TIF 2 FUND			
Assets			
280-10100	CASH BALANCE	0.00	
280-10800	TAXES REC FROM COUNTY-CURRENT	0.00	
280-11000	TAX REC FROM CTY-DELINQUENT	0.00	
280-11100	TAXES REC - DEFERRED	0.00	
280-13500	INTEREST RECEIVABLE	0.00	
	Total Assets:	**0.00**	**0.00**
Liability			
280-20100	CLAIMS PAYABLE	0.00	
280-21711	1 % SALES TAX PAYABLE	0.00	
280-21712	2% EXCISE TAX PAYABLE	0.00	
280-21714	4% SALES TAX PAYABLE	0.00	
280-21716	5.9% SALES TAX PAYABLE	0.00	
280-21717	6.9% SALES TAX PAYABLE	0.00	
280-22400	DEFERRED REVENUE	0.00	
280-23601	ADVANCE FROM CIP FUND #212	1,526,117.44	
	Total Liability:	**1,526,117.44**	
Equity			
280-27000	FUND BALANCE	(1,484,484.16)	
	Total Beginning Equity:	**(1,484,484.16)**	
Total Revenue		63,304.27	
Total Expense		104,937.55	
Revenues Over/Under Expenses		**(41,633.28)**	
	Total Equity and Current Surplus (Deficit):	**(1,526,117.44)**	
	Total Liabilities, Equity and Current Surplus (Deficit):		**0.00**