FY 20225 CANYON COUNTY CLERK'S SUGGESTED BUDGET

Rick Hogaboam, MPA
Canyon County Clerk

BUDGETARY ASSUMPTIONS

ARPA AMOUNT: $30,181,518.88

- This will be budgeted as revenue and an expense and net each other out. This number may be reduced to reflect any reductions to the fund balance based on recent activity right up to the publication deadline.

Melba Gopher: $12,000 levied amount

Pest Levy: $289,309 levied amount

Health District levy is at the request: $2,416,404

Enterprise Funds: Revenue now $10,299,875, Expenses at $8,768,677.57

- The expense side will only change based on potential COLA implications

BUDGETARY ASSUMPTIONS

- All of the funds not being levied property taxes remain as requested for expenses in our workshops: Court Device, Motor Boat License, Court Facilities, Emergency Communications, Treatment Courts, Consolidated Elections, Canyon County Dispatch, ARPA, Landfill.
- External agency requests and the animal shelter all remain as is from our workshops.
  - Please note that VRT remains at the $36,000 placeholder amount

BUDGETARY UPDATES

- $1300 subscription added for Amazon Business subscription
- Net neutral adjustments for GAL (guardian Ad Litem): I moved $250k from County Assistance to TCA budget to cover the CPA cases. That leaves $50k in county assistance to cover the adult GAL cases. We updated revenue: $25k stays in County Assistance and $125k goes to district court.
- PERSI increase has been added to benefits in suggested budget template
- Interest allocations have been distributed, affecting budgeted revenues as follows:

Current Expense #001	District Court #104	Justice Fund #116	Interest 911 #118	Solid Waste #401	Self Insurance #452	CCNU #607
38.30%	6.40%	15.40%	5.40%	27.40%	7.00%	0.10%
$ 574,500.00	$ 96,000.00	$ 231,000.00	$ 81,000.00	$ 411,000.00	$ 105,000.00	$ 1,500.00

NEW POSITIONS

BOCC WORKSHOPS on NEW POSITIONS resulted in this list being the final direction on continued deliberation/consideration:

Dept	Position	Cost
Landfill	Landfill Admin Specialist	72,994.00
Landfill	Deputy Director	135,149.00
Coroner	Deputy Coroner	77,156.39
Coroner	Deputy Coroner	77,156.39
Facilities	Project Manager	112,208.31
Weed	Weed Technician	77,979.00
TCA	Court Assitance Officer	25,350.00
County Agents	4-H Program Coordinator	75,581.00
Sheriff	New positions	361,433.00
IT	ISO	132,070.00
Parks	Parks Supervisor	101,683.00
PA	Chief Deputy	210,208.00
Total		**1,458,968.09**
Enterprise		208,143.00
Non-Enterprise		1,250,825.09

NEW POSITIONS

- 13.5 FTE considered in this final list, with 2 FTE being in Landfill, 3 FTE in Sheriff (2 deputies + 1 sergeant), 2 FTE in Coroner, 1 FTE PA, 1 FTE Parks, 1 FTE Facilities, 1 FTE Weed Technician, 0.5 FTE Court Assistance Officer, 1 FTE IT, 1 FTE County Agent 4-H
- The 2 FTE in landfill are funded by fees
- The 1 FTE Weed Tech is partially funded by increased fees for service
- The 1 FTE County Agent is a minimal increase as this transitions from a “B” expense to an “A” expense
- The 3 FTE in Sheriff helps them continue to take a step in the right direction for right-sizing staff for a growing county
- The 2 FTE in Coroner are much needed and will allow the Coroner to schedule in shifts
- The 1 FTE in Parks will help keep a closer eye on operations and may yield some nominal increased revenue in fees
- The 1 FTE in IT is to help secure the county with security
- The 1 FTE in Facilities is to help maintain efficient oversight of all projects in the county
- The 0.5 FTE in TCA is to maintain proper administration with increased activity
- The 1 FTE in PA is for incoming PA to potentially hire a chief deputy

MARKET ADJUSTMENTS

BOCC WORKSHOPS on MARKET ADJUSTMENTS resulted in refinement on the final direction for continued deliberation/consideration.

Total Market Adj	*$ 1,601,210.06*
Total New Positions	*$ 1,458,968.09*
Total REQUESTED Salary Exp	**$ 3,060,178.15**

Please note that the top requests in the market adjustments are for Sheriff's Office: $895,619, Motor Vehicle: $148,430, and Reappraisal: $142,500.

AS IS SCENARIO – CURRENTLY THE DEFAULT IN POWER PLAN

W. $200k reserve / NO forgone / MARKET @100% / NO COLA	
BUDGET EXCLUDING ARPA, Pest, Gopher & Enterprise Funds	
Revenue	$103,752,416.00
Expense	$119,740,604.78
Net Budget	-$15,988,188.78
Percentage of deficit to budget	-13.35%
Likely spend based on 90% ratio	$107,766,544.31
Projected actual deficit	-$4,014,128.31
EXTRAORDINARY ITEMS: Jail Pod 6, Real Estate Acquisition	$4,000,000
Projected Operational Deficit	($14,128)

CLERK'S SUGGESTED OPTION #1

W. $200k reserve / NO forgone / MINUS PM, ISO, PARKS / MARKET @100% / 1.5% COLA	
BUDGET EXCLUDING	
Revenue	$103,752,416.00
Expense	$120,482,143.47
Net Budget	-$16,729,727.47
Percentage of deficit to budget	-13.89%
Likely spend based on 90% ratio	$108,433,929.13
Projected actual deficit	-$4,681,513.13
EXTRAORDINARY ITEMS: Jail Pod 6, Real Estate Acquisition	$4,000,000
Projected Operational Deficit	($681,513)

CLERK’S SUGGESTED OPTION #1

- This option only departs from the baseline in reducing the addition of new positions by 3 and by adding a 1.5% COLA, while retaining the full market adjustments.
- This option avoids the use of forgone, reserving such capacity for an extraordinary need in the future.
- This is a compromise of sorts, as a few positions are delayed in this FY25 budget in order to help fund a modest COLA in addition to needed market adjustments
- The projected operational deficit can be absorbed by fund balance and help position the county in FY26 to assess revenues and potentially take another modest step in increases and achieve my goal of an operationally balanced budget.
- These positions may be deemed necessary and have to be added, at the discretion of the BOCC. If so, there’s no way to fund a COLA apart from additional cuts, if remaining within the new construction +3% taxable revenue increment.

CLERK'S SUGGESTED OPTION #1A

W. $200k reserve / NO forgone / MARKET @100% / 1.5% COLA	
BUDGET EXCLUDING	
Revenue	$103,752,416.00
Expense	$120,828,104.78
Net Budget	-$17,075,688.78
Percentage of deficit to budget	-14.13%
Likely spend based on 90% ratio	$108,745,294.31
Projected actual deficit	-$4,992,878.31
EXTRAORDINARY ITEMS: Jail Pod 6, Real Estate Acquisition	$4,000,000
Projected Operational Deficit	($992,878)

CLERK'S SUGGESTED OPTION #1A

- This is identical to option #1 with the only distinction being the additional of all remaining requested positions.
- This stretches the operational deficit to a larger amount than I would prefer; however, here are some qualifications for implementation:
- Delay the hiring of the NEW POSITIONS to February to review 2 quarters of state-shared revenue and projected "other" revenue in the county. I would not reduce the budgeted amount by this as I prefer the baseline for FY26 to reflect the full cost of the employee, but the savings would still be realized while also allowing more time to analyze the county's revenue health before committing.
- Delay the MARKET adjustments by at least a couple months, excluding the Sheriff step increases (as budgeted), and further determine which should receive a COLA + adjustment or one or the other.
- Phase the COLA: .75% effective 10/1, .75% effective 4/1. We'd still budget at the full 1.5% as the new baseline for FY26, but the phasing will allow for some realized savings in this fiscal year as a way of funding everything as requested without the use of forgone, while setting up the county for a potential modest increase next year, depending on financial health.

CLERK'S SUGGESTED OPTION #2

W. $200k reserve / 1% forgone / MARKET @100% / 2% COLA	
BUDGET EXCLUDING	
Revenue	$104,343,894.00
Expense	$121,190,604.78
Net Budget	-$16,846,710.78
Percentage of deficit to budget	-13.90%
Likely spend based on 90% ratio	$109,071,544.31
Projected actual deficit	-$4,727,650.31
EXTRAORDINARY ITEMS: Jail Pod 6, Real Estate Acquisition	$4,000,000
Projected Operational Deficit	($727,650)

CLERK'S SUGGESTED OPTION #2

- This is identical to option #1A with the two exceptions:
  - Use of 1% forgone
  - COLA at 2%
- The use of forgone is able to cover the added .5% in COLA while also reducing the operational deficit scenario from ($992,878) to ($727,650), a reduction of $265,228, which helps close the deficit a bit more. The 1% of forgone rolls into the base for next year, helping add capacity to close the operational deficit of the county.
- The county used forgone for FY17, FY18, and FY19, adding nearly $6.5M to its ongoing annual levy capacity. Under new rules, 1% of forgone from last year + 1% forgone this year are the only aggregate amounts that roll forward in the levying capacity of the county: FY24 1% operational forgone = $550,579, FY25 1% operational forgone = $591,748. This would amount to $1,142,327 in ongoing annual levy capacity, over $5M less than the county's use of forgone in FY17-19. The county also used $1,651,736 in one-time forgone this year, which doesn't roll forward, and is forever disclaimed to be taxed again.

FORGONE: PHILOSOPHY AND CONTEXT

The potential use of 1% of forgone is less addition than the one-time use of 3% that was used for capital this year, which is why we forecast a slight decrease for most owner-occupied homes this year.

Using 1% of forgone is only a fraction of tax increment that the county chose not add to its levy in FY22 and FY23, where it forever disclaimed over $7.4M in ongoing revenue. The new construction increment alone for those two fiscal years was nearly $5.6M, including the year, FY22, when one of the highest valued parcels in the county was added to the tax roll. The county chose not to add the full new construction increment as a way of holding down property taxes. This coincided with state-shared revenue coming in strong, so the county was in a position to fund many budget increases while holding the line on property tax levy capacity. State-shared revenue has flattened, and 1% of forgone is about 1/10 the value of the new construction increment for just two years.

Levying $40M for FY23, a reduction of around $15M in what the county could have levied as a baseline would take about 20 years of using 1% forgone. The county's loss of over $20M in net position in FY23 was significant savings for the taxpayer that was unsustainable.

My option #1 and #1A both do not use forgone as I philosophically view the restraint on historical tax levies as intended as an ongoing baseline; however, there are years where it was disclaimed and some years where it was retained. Additionally, there was a three-year successive use of forgone at far greater amounts to play catch up on county needs that were previously deferred. As I will note later in this presentation, the county under-realized sales tax revenues in FY23 by over $1.25M from the budgeted expectation. The county also decided not to levy the entire new construction increment or the allowable 3% increase, while simultaneously increasing the payroll obligation by a significant amount. The potential use of forgone is only catching up to projected sales tax revenues from last year, let alone what the new construction increment would have been for just that single year. Unlike the county's addition of over $6M in three successive years of adding forgone, since approved legislation limits ongoing use to 1%.

HISTORICAL SALARIES

	Salaries	Benefits	Sal + Ben Exp	YoY $	YoY %
2018	$ 42,581,502.16	$ 19,884,194.48	$ 62,465,696.64	$ 1,444,604.05	2.37%
2019	$ 45,335,966.59	$ 20,447,347.65	$ 65,783,314.24	$ 3,317,617.60	5.31%
2020	$ 47,440,473.95	$ 21,162,723.22	$ 68,603,197.17	$ 2,819,882.93	4.29%
2021	$ 47,473,837.95	$ 21,316,028.58	$ 68,789,866.53	$ 186,669.36	0.27%
2022	$ 53,741,801.38	$ 22,356,143.54	$ 76,097,944.92	$ 7,308,078.39	10.62%
2023	$ 61,573,569.59	$ 24,594,844.53	$ 86,168,414.12	$ 10,070,469.20	13.23%
2024	$ 66,052,341.44	$ 25,713,896.38	$ 91,766,237.82	$ 5,597,823.70	6.50%
2025	$ 63,146,486.00	$ 24,561,577.00	$ 87,708,062.98	$ (4,058,174.84)	-4.42%
2025 w 2% COLA			$ 89,158,062.98	$ (2,608,174.84)	-2.84%

HISTORICAL SALARIES

- The county made historically significant increases for FY22, FY23, and again in FY24. The county added more obligations than revenue, resulting in the current deficit environment.
- The projections for FY25 are a decrease over FY24, mostly because of the deduction of Public Defense, which is moving to the state.
- FY25 also reflects the defunding of 4 positions:

CLERK	CHIEF DEPUTY	$ 178,569.62
TCA	STAFF ATTORNEY	$ 112,470.70
TCA	EVICTION COURT MEDIATION COORDINATOR	$ 72,191.00
HR	COMPENSATION/BENEFITS	$ 132,159.00
Total Unfunded		$ 495,390.32

STATE SALES TAX REVENUE

We're currently on pace to match or slightly exceed FY2023 revenues, but I've suggested budgeting at $18,325,000 for FY25. It's possible we resume a normal growth pattern and realize revenues in excess of what's budgeted. As you can see, the year-over-year increase in FY23 was the lowest of the last decade. The unprecedented growth for FY21 and FY22 undoubtedly contributed to growing fund balance and the decision to burn over $20M in net position, but this coincided with the lowest growth rate in sales tax revenue. The county had budgeted $19,914,000, falling short by $1,284,788 from actuals.

SALES TAX REVENUE			
Year	Total	DIFF	YoY%
2014	$ 8,125,628.00	NA	NA
2015	$ 8,850,149.00	$ 724,521.00	8.92%
2016	$ 9,577,621.00	$ 727,472.00	8.22%
2017	$ 10,236,018.00	$ 658,397.00	6.87%
2018	$ 11,199,750.00	$ 963,732.00	9.42%
2019	$ 12,018,098.00	$ 818,348.00	7.31%
2020	$ 13,039,211.00	$ 1,021,113.00	8.50%
2021	$ 16,013,224.00	$ 2,974,013.00	22.81%
2022	$ 18,105,050.00	$ 2,091,826.00	13.06%
2023	$ 18,629,212.00	$ 524,162.00	2.90%

LEVY RATE PROJECTIONS

Canyon County increases taxes levied by up to $2,500,323 with forgone, $1,908,575 without forgone.

- FY2024 Levied Amount: $56,364,662
- FY2025 Full Levy Amount: $58,864,985

If the anticipated levy rate for FY2025 is 0.001557819 (using prior year's Operating Property Value), then the new construction value of $1,391,365,670 will generate $2,167,496 in tax revenue. Thus, the total increased taxes collected is $332,827 above the new construction value (0.5% increase). The L2 will reflect a full new construction + 3% +1% forgone in this scenario, but the net effect is smaller because of one-time forgone levied this year that does not roll over into next year. Increases in valuation by commercial at a larger average rate than residential properties plus a modest net increase in year-over-year taxes above the new construction increment result in a projected lower levy rate:

CANYON COUNTY LEVY RATE			
TAX YEAR	TYPE	AMOUNT LEVIED	LEVY RATE
2023	Actual	$56,364,662	0.001614778
2024*	w/ Forgone	$58,864,985	0.001557819
2024*	w/o Forgone	$58,273,237	0.001542159

PROPERTY TAX PROJECTIONS

Based on factors mentioned in the prior slide, the net effect on property taxes is a projected decrease for **average-valued**, owner-occupied residential properties, whether using forgone or not. The difference in projected taxes if using forgone or not is a little less than $5 for the year for the county average.

RESIDENTIAL: OWNER OCCUPIED								
	2023				2024			
	PARCEL COUNT	AVERAGE TAX VALUE	TAX CHARGE**		PARCEL COUNT	AVERAGE TAX VALUE	TAX CHARGE* w/ Forgone**	TAX CHARGE* w/o Forgone**
CITY OF CALDWELL	14,025	229,673	$370.87		14,591	234,955	$366.02	$362.34
CITY OF NAMPA	24,485	249,046	$402.15		25,349	257,898	$401.76	$397.72
OTHER CITIES	3,993	271,727	$438.78		4,231	280,932	$437.64	$433.24
RURAL (Excl Cities)	15,205	440,896	$711.95		16,045	452,593	$705.06	$697.97
COUNTY TOTAL	57,708	296,456	$478.71		60,216	305,835	$476.44	$471.65

*Estimated Levy Rate and Tax Charge

**Does not include Homeowner Tax Credits

FUTURE NEEDS AND CONTINGENCIES

Future needs, extra-ordinary:

- Aumentum
- Court Clerk Equipment
- Capital Projects
- ARPA Projects

Other Likely Revenues: SUPPLEMENTAL collection not budgeted, meaning that county will receive revenues at a TBD amount. This amount is divided proportionately based on the levy share.

90% may be too conservative a spend-factor applied to the entire budget. Some of the extra-ordinary capital driving this will be expended at 100%. It's possible that we spend closer to 92% or higher of the budget, which will result in a larger actual operational deficit. Many tightened their B budgets to expected actuals, meaning that the buffer has been factored out to some degree. Good budgeting strives to be accurate, which means we also need to reduce the deficit on the books as we increasingly get more accurate on the actual spend. Some counties factor in a deficit knowing that they won't spend their entire budget, while some strive for a budgeted balanced by revenues by factoring in actuals in the budget.

$200 K reserve is new this year to help fund unexpected needs that arise. My goal is to use savings within the respective budget to fund the unexpected need, if possible, and only use the reserve for an emergent emergency or TORT or etc.