AGENDA REPORT

City Council Meeting

TODAY'S DATE:	August 7, 2026
MEETING DATE:	August 19, 2026
TO:	City of Sandpoint Council
FROM:	Sarah Lynds, Finance Director
SUBJECT:	Proposed Ordinance: FY 2027 Annual Appropriation – **action item**

DESCRIPTION/BACKGROUND: The City of Sandpoint Staff presented the proposed FY 2027 budget in the amount of $92,385,591, which was considered by City Council at two workshops held on June 17 and July 1, 2026. Per Idaho Code 50-1002 included in the budget documents are actual revenues and expenditures from the prior two fiscal years, budgeted revenues and expenditures for the current fiscal year, and the proposed revenues and expenditures for the upcoming fiscal year.

The proposed FY 2027 budget anticipated levying $5,699,178 in property taxes in accordance with State law, which includes the statutory allowed 3% inflationary increase and an additional 1% forgone levying recovery as well as 90% of the new construction.

On August 3, 2026 the City received the final new construction and taxable valuation information from Bonner County, resulting in a decrease in the anticipated Property Tax levy amount of $80,686 as compared to the proposed budget presented during the budget workshops. The FY 2027 final property taxes to be levied are $5,618,492, which is $258,052 more than the prior year's levy amount of $5,360,440. The final budget also includes levying $56,628 of the total $294,574 available forgone property tax from prior years for the purchase of public safety and streets vehicles. According to the Bonner County Assessor's office, the assessed taxable valuation within the City of Sandpoint increased by 1.55% over the prior to a total of $2,084,977,171.

This all resulted in a projected increase in the City's levy rate from $2.60 to $2.69 per $1,000 in taxable valuation. The current year budget does not reflect property tax relief due to actual FY 2025 resort city occupancy/lodging tax revenues collected being less than amount budgeted.

During the August 4th SURA (Sandpoint Urban Renewal Agency) meeting the SURA Board approved all but the $25,000 line item in the City's budget (01-1800-4310-4111). This has been removed from the FY 2027 City of Sandpoint budget. During the August 5th, 2026, Council meeting additional discussions surrounding the FY 2027 budget were held and the Council did not make any motions to remove or move any proposed budgeted items.

The Notice of Public Hearing for the FY 2027 Budget Annual Appropriation and Use of Forgone Levying Authority was published in accordance with Idaho Code 50-1002 and 63-803(3) in the Bonner County Daily Bee on August 2nd and 9th and the public hearing is scheduled for August 19, 2026.

STAFF RECOMMENDATION: Conduct the public hearing for the FY 2027 City of Sandpoint Annual Appropriation Ordinance, and upon consideration of testimony presented:

1. Approve the Annual Appropriation Ordinance under suspension of the rules requiring three complete and separate readings and that it be read by title and published by summary.
2. Approve the Resolution for the Use of Forgone Levy Authority.
3. Authorize the execution of the L-2 property tax certification in the aggregate amount of $5,618,492.

ACTION: Conduct the public hearing for the FY 2027 City of Sandpoint Annual Appropriation Ordinance, and upon consideration of testimony presented:

1. Approve the Annual Appropriation Ordinance under suspension of the rules requiring three complete and separate readings and that it be read by title and published by summary; or consider the Ordinance on first reading and that it be read by title; or take other action deemed appropriate.
2. Approve the Resolution for the Use of Forgone Levy Authority; or take other action as deemed appropriate.
3. Authorize the execution of the L-2 property tax certification in the aggregate amount of $5,618,492; or take such other action deemed appropriate.

WILL THERE BE ANY FINANCIAL IMPACT? **HAS THIS ITEM BEEN BUDGETED?**

ATTACHMENTS:

1. Bonner County Daily Bee Notice of Public Hearing
2. Ordinance – FY 2027 Annual Appropriations
3. Resolution – Use of Forgone to be used in the FY 2027 Budget
4. 2026 L-2 Worksheet to be submitted to Bonner County by September 10, 2026 – per Idaho Code 63-803(3)

LINK TO BUDGET BOOK:

https://city-sandpoint-id-cleardoc.cleargov.com/22707