

FARGO PARK DISTRICT
701 MAIN AVENUE
FARGO ND 58103



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BUDGET COMMITTEE MEETING
Wednesday, April 19, 2023; 3:00 p.m.
Fargo Park District Board Room
701 Main Avenue, Fargo

AGENDA

1. Budget 2024
2. Other

Next Park Board Meeting: May 16, 2023; 5:30 p.m.
Next Budget Committee Meeting: May 3, 2023; 3:00 p.m.



MEMORANDUM

DATE: April 12, 2023

TO: Fargo Park Board Budget Committee

FROM: Broc T. Lietz, Finance Director

RE: Agenda Item No. 1 – Budget 2024

Specific items to be covered at this meeting will be:

- 2022 Revenue and Expenditures by Fund Snapshot
- Budgeting Philosophy going forward
- Discussion of Fee structure for the future
- Budget Schedule Timeline
- Consumer Price Index (CPI)
- Mill Levy Changes for 2024
- Personnel
 - Compensation
 - Staffing needs
- Emerald Ash Borer update and financial impact
- Purchasing lag update

The preliminary budget for 2024 is due to Cass County by August 10, 2023. Final budget approval by the board will occur on October 3, 2023 and certification to Cass County on October 10, 2023.

Attached to this memo is additional information.

Please reach out to me with any questions you may have.

Thank you.

Dave Leker, Executive Director
PARK COMMISSIONERS – Vicki Dawson * Joe Deutsch * Aaron Hill * Dawn Morgan * Jerry Rostad
CLERK – Dave Leker

	General Fund 12/31/2022	Debt Service 12/31/2022	Capital Funds 2/31/2022	Valley Senior Services 12/31/2022
Total Revenues	30,689,022	8,079,044	3,811,762	6,702,910
Total Expenses	26,589,890	4,627,649	37,952,516	5,822,902
Total Other Financing Sources (Uses)	-2,242,945	243,000	47,826,433	0
Net Change in Fund Balance	1,856,187	3,694,395	13,685,679	880,009

General Timeline for 2024 Budget

Commissioner Budget Timeline

4/19/2023	Budget Committee Meeting #1 - 2024 Budget kickoff meeting and presentation of information
5/3/2023	Budget Committee Meeting #2 - Discussion of preliminary direction on next year's budget
6/7/2023	Budget Committee Meeting #3 - Commissioners and staff focus on direction of 2024 budget
7/12/2023	Budget Committee Meeting #4 – Review preliminary budget, First Draft
7/26/2023	Budget Committee Meeting #5 – Review preliminary budget, Final Draft
8/8/2023	August Board Meeting - Approve Preliminary Budget
8/10/2023	Due Date - Preliminary Budget due to Cass County Auditor
9/5/2023	September Board Meeting - Budget Hearing
10/3/2023	October Board Meeting - Final budget presented and approved by the board.
10/10/2023	Due Date - Final budget due to Cass County Auditor to be certified

Staff Budget Timeline

4/28/2023	Send out Budget sheets, capitals, professional education and staff hour needs to each Director
4/28/2023 - 6/9/2023	Finance to meet with each Director to discuss budget
6/9/2023	Budget Sheets, capitals, professional education, and staff hour needs due to Finance
6/12/2023 - 6/16/2023	Budget draft compiled by Finance and ready for first review with Directors
6/19/2023 - 6/27/2023	Directors meet with respective teams to revise budget
6/28/2023	Revised Budgets with all changes are to be documented and communicated to Finance.
6/28/2023 - 6/30/2023	Directors Team to review budget with department heads to make any final changes
7/5/2023	Preliminary Budget due to Tara for Budget Committee Packet
7/12/2023	Preliminary budget presented at Budget Committee Meeting
8/10/2023-10/3/2023	Invite Fargo Forum to meet on budget.
8/10/2023-10/3/2023	Preliminary budget is available for public inspection and advertisement is placed in Forum indicating it is available

Economic News Release

Consumer Price Index News Release

Transmission of material in this release is embargoed until
8:30 a.m. (ET) Wednesday, April 12, 2023 USDL-23-0674

Technical information: (202) 691-7000 * cpi_info@bls.gov * www.bls.gov/cpi
Media contact: (202) 691-5902 * PressOffice@bls.gov

CONSUMER PRICE INDEX - MARCH 2023

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.1 percent in March on a seasonally adjusted basis, after increasing 0.4 percent in February, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 5.0 percent before seasonal adjustment.

The index for shelter was by far the largest contributor to the monthly all items increase. This more than offset a decline in the energy index, which decreased 3.5 percent over the month as all major energy component indexes declined. The food index was unchanged in March with the food at home index falling 0.3 percent.

The index for all items less food and energy rose 0.4 percent in March, after rising 0.5 percent in February. Indexes which increased in March include shelter, motor vehicle insurance, airline fares, household furnishings and operations, and new vehicles. The index for medical care and the index for used cars and trucks were among those that decreased over the month.

The all items index increased 5.0 percent for the 12 months ending March; this was the smallest 12-month increase since the period ending May 2021. The all items less food and energy index rose 5.6 percent over the last 12 months. The energy index decreased 6.4 percent for the 12 months ending March, and the food index increased 8.5 percent over the last year.

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Mar. 2023
	Sep. 2022	Oct. 2022	Nov. 2022	Dec. 2022	Jan. 2023	Feb. 2023	Mar. 2023	
All items	0.4	0.5	0.2	0.1	0.5	0.4	0.1	5.0
Food	0.8	0.7	0.6	0.4	0.5	0.4	0.0	8.5
Food at home	0.7	0.5	0.6	0.5	0.4	0.3	-0.3	8.4
Food away from home(1)	0.9	0.9	0.5	0.4	0.6	0.6	0.6	8.8
Energy	-1.7	1.7	-1.4	-3.1	2.0	-0.6	-3.5	-6.4
Energy commodities	-4.1	3.7	-2.1	-7.2	1.9	0.5	-4.6	-17.0
Gasoline (all types)	-4.2	3.4	-2.3	-7.0	2.4	1.0	-4.6	-17.4
Fuel oil(1)	-2.7	19.8	1.7	-16.6	-1.2	-7.9	-4.0	-14.2
Energy services	1.2	-0.7	-0.6	1.9	2.1	-1.7	-2.3	9.2
Electricity	0.8	0.5	0.5	1.3	0.5	0.5	-0.7	10.2
Utility (piped) gas service	2.2	-3.7	-3.4	3.5	6.7	-8.0	-7.1	5.5
All items less food and energy	0.6	0.3	0.3	0.4	0.4	0.5	0.4	5.6
Commodities less food and energy commodities	0.0	-0.1	-0.2	-0.1	0.1	0.0	0.2	1.5
New vehicles	0.7	0.6	0.5	0.6	0.2	0.2	0.4	6.1
Used cars and trucks	-1.1	-1.7	-2.0	-2.0	-1.9	-2.8	-0.9	-11.2
Apparel	0.0	-0.2	0.1	0.2	0.8	0.8	0.3	3.3
Medical care commodities(1)	-0.1	0.0	0.2	0.1	1.1	0.1	0.6	3.6
Services less energy services	0.8	0.5	0.5	0.6	0.5	0.6	0.4	7.1
Shelter	0.7	0.7	0.6	0.8	0.7	0.8	0.6	8.2
Transportation services	1.9	0.6	0.3	0.6	0.9	1.1	1.4	13.9
Medical care services	0.8	-0.4	-0.5	0.3	-0.7	-0.7	-0.5	1.0

Footnotes
(1) Not seasonally adjusted.

Food

The food index was unchanged in March. The food at home index fell 0.3 percent over the month, the first decline in that index since September 2020. Three of the six major grocery store food group indexes decreased over the month. The index for meats, poultry, fish, and eggs decreased 1.4 percent in March as the index for eggs fell10.9 percent. The fruits and vegetables index declined 1.3 percent over the month, and the dairy and related products index decreased 0.1 percent.

Following that, seasonal factors were calculated based on this "prior adjusted" data. These seasonal factors represent a clearer picture of the seasonal pattern in the data. The last step is for motor fuel seasonal factors to be applied to the unadjusted data.

For the seasonal factors introduced for January 2023, BLS adjusted 57 series using intervention analysis seasonal adjustment, including selected food and beverage items, motor fuels and vehicles.

Revision of Seasonally Adjusted Indexes

Seasonally adjusted data, including the U.S. city average all items index levels, are subject to revision for up to 5 years after their original release. Every year, economists in the CPI calculate new seasonal factors for seasonally adjusted series and apply them to the last 5 years of data. Seasonally adjusted indexes beyond the last 5 years of data are considered to be final and not subject to revision. For January 2023, revised seasonal factors and seasonally adjusted indexes for 2018 to 2022 were calculated and published. For series which are directly adjusted using the Census X-13ARIMA-SEATS seasonal adjustment software, the seasonal factors for 2022 will be applied to data for 2023 to produce the seasonally adjusted 2023 indexes. Series which are indirectly seasonally adjusted by summing seasonally adjusted component series have seasonal factors which are derived and are therefore not available in advance.

Determining Seasonal Status

Each year the seasonal status of every series is reevaluated based upon certain statistical criteria. Using these criteria, BLS economists determine whether a series should change its status from "not seasonally adjusted" to "seasonally adjusted", or vice versa. If any of the 81 components of the U.S. city average all items index change their seasonal adjustment status from seasonally adjusted to not seasonally adjusted, not seasonally adjusted data will be used in the aggregation of the dependent series for the last 5 years, but the seasonally adjusted indexes before that period will not be changed. For 2023, 37 of the 81 components of the U.S. city average all items index are not seasonally adjusted.

Contact Information

For additional information about the CPI visit www.bls.gov/cpi or contact the CPI Information and Analysis Section at 202-691-7000 or cpi_info@bls.gov.

For additional information on seasonal adjustment in the CPI visit www.bls.gov/cpi/seasonal-adjustment/home.htm

If you are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services.

Table 1. Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by expenditure category, March 2023
[1982-84=100, unless otherwise noted]

Expenditure category	Relative importance Feb. 2023	Unadjusted indexes			Unadjusted percent change		Seasonally adjusted percent change		
		Mar. 2022	Feb. 2023	Mar. 2023	Mar. 2022- Mar. 2023	Feb. 2023- Mar. 2023	Dec. 2022- Jan. 2023	Jan. 2023- Feb. 2023	Feb. 2023- Mar. 2023
All items	100.000	287.504	300.840	301.836	5.0	0.3	0.5	0.4	0.1
Food	13.507	295.728	320.569	320.863	8.5	0.1	0.5	0.4	0.0
Food at home	8.708	278.612	302.483	301.918	8.4	-0.2	0.4	0.3	-0.3
Cereals and bakery products	1.168	311.606	350.772	353.866	13.6	0.9	1.0	0.3	0.6
Meats, poultry, fish, and eggs	1.830	305.116	321.803	318.306	4.3	-1.1	0.7	-0.1	-1.4
Dairy and related products	0.810	245.258	272.271	271.384	10.7	-0.3	0.0	0.1	-0.1
Fruits and vegetables	1.501	337.503	351.249	345.814	2.5	-1.5	-0.5	0.2	-1.3
Nonalcoholic beverages and beverage materials	1.053	194.342	215.925	216.329	11.3	0.2	0.4	1.0	0.2
Other food at home	2.347	241.804	266.612	268.567	11.1	0.7	0.7	0.3	0.4
Food away from home(1)	4.798	321.689	347.869	349.944	8.8	0.6	0.6	0.6	0.6
Energy	6.995	298.246	281.673	279.084	-6.4	-0.9	2.0	-0.6	-3.5
Energy commodities	3.578	375.027	309.280	311.160	-17.0	0.6	1.9	0.5	-4.6
Fuel oil(1)	0.135	469.743	419.629	403.040	-14.2	-4.0	-1.2	-7.9	-4.0
Motor fuel	3.379	368.440	302.153	304.575	-17.3	0.8	2.3	0.9	-4.7
Gasoline (all types)	3.283	366.499	299.774	302.673	-17.4	1.0	2.4	1.0	-4.6
Energy services	3.417	237.825	266.353	259.647	9.2	-2.5	2.1	-1.7	-2.3
Electricity	2.568	240.558	266.887	265.033	10.2	-0.7	0.5	0.5	-0.7
Utility (piped) gas service	0.849	225.679	258.976	238.182	5.5	-8.0	6.7	-8.0	-7.1
All items less food and energy	79.498	289.305	304.011	305.476	5.6	0.5	0.4	0.5	0.4
Commodities less food and energy commodities	21.323	164.449	166.246	166.961	1.5	0.4	0.1	0.0	0.2

Footnotes

(1)_Not seasonally adjusted.

(2) Indexes on a December 1982=100 base.

(3) Indexes on a December 1996=100 base.

Area	Pricing Schedule(1)	Percent change to Mar. 2023 from:			Percent change to Feb. 2023 from:		
		Mar. 2022	Jan. 2023	Feb. 2023	Feb. 2022	Dec. 2022	Jan. 2023
U.S. city average	M	5.0	0.9	0.3	6.0	1.4	0.6
Region and area size(2)							
Northeast	M	4.3	0.3	-0.2	5.9	1.2	0.5
Northeast - Size Class A	M	4.8	0.5	-0.1	6.3	1.4	0.6
Northeast - Size Class B/C(3)	M	3.6	0.0	-0.4	5.4	1.0	0.5
New England(4)	M	3.6	0.2	0.0	5.1	1.1	0.2
Middle Atlantic(4)	M	4.6	0.3	-0.3	6.2	1.3	0.7
Midwest	M	4.9	1.1	0.6	5.6	1.3	0.5
Midwest - Size Class A	M	4.7	1.1	0.6	5.4	1.1	0.4
Midwest - Size Class B/C(3)	M	5.0	1.1	0.6	5.7	1.4	0.5
East North Central(4)	M	5.1	1.1	0.8	5.6	1.3	0.4
West North Central(4)	M	4.3	0.9	0.2	5.4	1.2	0.7
South	M	5.3	1.0	0.4	6.4	1.4	0.6
South - Size Class A	M	5.4	1.2	0.5	6.4	1.3	0.7
South - Size Class B/C(3)	M	5.2	0.9	0.3	6.4	1.5	0.6
South Atlantic(4)	M	5.6	1.1	0.5	6.4	1.2	0.6
East South Central(4)	M	5.2	1.2	0.3	6.5	1.8	1.0
West South Central(4)	M	4.7	0.7	0.2	6.3	1.6	0.5
West	M	5.1	1.0	0.5	6.0	1.4	0.5
West - Size Class A	M	5.0	0.7	0.3	6.2	1.6	0.4
West - Size Class B/C(3)	M	5.2	1.4	0.7	5.7	1.2	0.7
Mountain(4)	M	6.0	1.5	0.8	6.7	1.3	0.7
Pacific(4)	M	4.8	0.8	0.4	5.7	1.5	0.4
Size classes							
Size Class A(5)	M	5.0	0.8	0.3	6.1	1.4	0.5
Size Class B/C(3)	M	4.9	0.9	0.3	6.0	1.3	0.6
Selected local areas							
Chicago-Naperville-Elgin, IL-IN-WI	M	4.4	1.2	0.8	5.0	1.2	0.4
Los Angeles-Long Beach-Anaheim, CA	M	3.7	-0.2	0.1	5.1	1.6	-0.3
New York-Newark-Jersey City, NY-NJ-PA	M	4.6	0.3	-0.1	6.0	1.2	0.4
Atlanta-Sandy Springs-Roswell, GA	2				7.2	1.5	
Baltimore-Columbia-Towson, MD(6)	2				6.1	1.2	
Detroit-Warren-Dearborn, MI	2				7.0	1.9	
Houston-The Woodlands-Sugar Land, TX	2				5.2	1.9	
Miami-Fort Lauderdale-West Palm Beach, FL	2						
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	2				6.9	2.0	
Phoenix-Mesa-Scottsdale, AZ(7)	2				8.5	1.2	
San Francisco-Oakland-Hayward, CA	2				5.3	1.8	
Seattle-Tacoma-Bellevue, WA	2				8.0	1.4	
St. Louis, MO-IL	2				5.9	0.8	
Urban Alaska	2				4.3	0.1	
Footnotes							
(1)Foods, fuels, and several other items are priced every month in all areas. Most other goods and services are priced as indicated: M - Every month. 1 - January, March, May, July, September, and November. 2 - February, April, June, August, October, and December.							
(2)Regions defined as the four Census regions.							
(3)Indexes on a December 1996=100 base.							
(4)Indexes on a December 2017=100 base.							
(5)Indexes on a December 1986=100 base.							
(6)1998 - 2017 indexes based on substantially smaller sample.							
(7)Indexes on a December 2001=100 base.							
(8)Indexes on a 1987=100 base.							
NOTE: Local area indexes are byproducts of the national CPI program. Each local index has a smaller sample size than the national index and is, therefore, subject to substantially more sampling and other measurement error. As a result, local area indexes show greater volatility than the national index, although their long-term trends are similar. Therefore, the Bureau of Labor Statistics strongly urges users to consider adopting the national average CPI for use in their escalator clauses.							

Area	Pricing Schedule ⁽¹⁾	Percent change to Mar. 2023 from:			Percent change to Feb. 2023 from:		
		Mar. 2022	Jan. 2023	Feb. 2023	Feb. 2022	Dec. 2022	Jan. 2023
Boston-Cambridge-Newton, MA-NH	1	4.7	0.2				
Dallas-Fort Worth-Arlington, TX	1	5.8	1.3				
Denver-Aurora-Lakewood, CO	1	5.7	1.3				
Minneapolis-St.Paul-Bloomington, MN-WI	1	3.4	0.4				
Riverside-San Bernardino-Ontario, CA ⁽⁴⁾	1	4.6	0.0				
San Diego-Carlsbad, CA	1	5.3	1.0				
Tampa-St. Petersburg-Clearwater, FL ⁽⁸⁾	1	7.7	1.1				
Urban Hawaii	1	3.3	0.6				
Washington-Arlington-Alexandria, DC-VA-MD-WV ⁽⁶⁾	1	3.7	1.3				
Footnotes ⁽¹⁾ Foods, fuels, and several other items are priced every month in all areas. Most other goods and services are priced as indicated: M - Every month. 1 - January, March, May, July, September, and November. 2 - February, April, June, August, October, and December. ⁽²⁾ Regions defined as the four Census regions. ⁽³⁾ Indexes on a December 1996=100 base. ⁽⁴⁾ Indexes on a December 2017=100 base. ⁽⁵⁾ Indexes on a December 1986=100 base. ⁽⁶⁾ 1998 - 2017 indexes based on substantially smaller sample. ⁽⁷⁾ Indexes on a December 2001=100 base. ⁽⁸⁾ Indexes on a 1987=100 base.							
NOTE: Local area indexes are byproducts of the national CPI program. Each local index has a smaller sample size than the national index and is, therefore, subject to substantially more sampling and other measurement error. As a result, local area indexes show greater volatility than the national index, although their long-term trends are similar. Therefore, the Bureau of Labor Statistics strongly urges users to consider adopting the national average CPI for use in their escalator clauses.							

Table 5. Chained Consumer Price Index for All Urban Consumers (C-CPI-U) and the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, all items index, March 2023
 [Percent changes]

Month Year	Unadjusted 1-month percent change		Unadjusted 12-month percent change	
	C-CPI-U ⁽¹⁾	CPI-U	C-CPI-U ⁽¹⁾	CPI-U
December 2010			1.3	1.5
December 2011			2.9	3.0
December 2012			1.5	1.7
December 2013			1.3	1.5
December 2014			0.5	0.8
December 2015			0.4	0.7
December 2016			1.8	2.1
December 2017			1.7	2.1
December 2018			1.5	1.9
December 2019			1.8	2.3
December 2020			1.5	1.4
January 2021	0.5	0.4	1.6	1.4
February 2021	0.5	0.5	1.8	1.7
March 2021	0.6	0.7	2.6	2.6
April 2021	0.8	0.8	4.0	4.2
May 2021	0.7	0.8	4.9	5.0
June 2021	0.8	0.9	5.1	5.4
July 2021	0.5	0.5	5.0	5.4
August 2021	0.1	0.2	4.8	5.3
September 2021	0.3	0.3	5.0	5.4
October 2021	0.7	0.8	5.8	6.2
November 2021	0.4	0.5	6.4	6.8
December 2021	0.2	0.3	6.5	7.0
Footnotes ⁽¹⁾ The C-CPI-U is designed to be a closer approximation to a cost-of-living index in that it, in its final form, accounts for any substitution that consumers make across item categories in response to changes in relative prices. Since the expenditure data required for the calculation of the C-CPI-U are available only with a time lag, the C-CPI-U is issued first in preliminary form using the latest available expenditure data at that time and is subject to four revisions.				
Indexes are issued as initial estimates. Indexes are revised each quarter with the publication of January, April, July, and October data as updated expenditure estimates become available. The C-CPI-U indexes are updated quarterly until they become final. January-March indexes are final in January of the following year; April-June indexes are final in April of the following year; July-September indexes are final in July of the following year; October-December indexes are final in October of the following year.				

2023 Fargo Taxable Valuation

The **taxable valuation** is the amount that is considered the *tax base* of the City of Fargo. This accounts for the removal of exempt amounts and represents the net assessed value of all property in the city subject to property taxation.

Taxable valuation is determined by applying an *assessment ratio* of 50% to the net appraised value of all taxable property, and applying a factor based on property class.

$$\text{Assessor's Net Value (less exemptions)} \times 50\% \times \text{Assessment Factor} = \text{Taxable Value}$$

The Assessment Factor is 9% for residential and 10% for all other classes of property.

The following projections of the 2023 taxable valuation of Fargo will vary somewhat from the final amount. Changes will occur between now and when the mill levy is determined in October. An amount, *Adjustments*, has been estimated to allow for those changes. Also, the figure used for *State Assessed Corporations* is an estimate based upon last year's figures. Corporations are utilities such as railroads and pipelines, which are assessed by the State Tax Department.

TOTAL EXPECTED 2023 TAXABLE VALUATION

<u>CLASS</u>	<u>TAXABLE VALUE</u>	<u>% OF TOTAL</u>
Agricultural	\$ 117,960	.01%
Commercial	\$426,720,365	53.1%
Residential	\$376,487,208	46.9%
Sub Total	\$803,325,533	

(Less)

Traditional Tax Increment	\$ 8,269,273	
Credits/Adjustments Estimate	<u>\$ 2,000,000</u>	
Sub Total		(\$ 10,269,273)

(Add)

State Assessed Corporations Estimate	<u>\$ 10,237,593</u>
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2023 PROJECTED NET TAXABLE VALUE - \$803,293,853

2022 Net Taxable Valuation \$715,390,200

Difference \$87,903,653

New Growth – 3.5%

Market Increase – 8.8%

Projected Increase in Taxable Value - 12.3%

2023 Fargo Taxable Valuation

Following is the recent history of the change in taxable valuation, or tax base, of the City of Fargo along with the current projected amount for 2023.

10 Year Fargo Taxable Value History

Year	Taxable Valuation	% Change
2013	\$360,271,576	3.90%
2014	\$387,008,093	7.40%
2015	\$436,837,979	12.90%
2016	\$489,481,255	12.10%
2017	\$527,912,051	7.90%
2018	\$556,125,077	5.30%
2019	\$592,621,464	6.60%
2020	\$623,487,845	5.00%
2021	\$659,882,775	5.80%
2022	\$715,390,200	8.50%
2023 Est.	\$803,293,853	12.30%

43 Year Fargo Taxable Value History

