8/4/2026

MESSAGE FROM THE BUDGET TEAM

THE CITY OF Fargo FAR MORE

City of Fargo Preliminary 2027 Budget

The data presented here reflects the City of Fargo's preliminary 2027 budget, as approved at the August 3, 2026 City Commission meeting.

A public hearing will be held at 5:05pm during the September 14, 2026, City Commission meeting. The final 2027 City of Fargo budget approval is scheduled for September 28, 2026.

Expanding on the budget workshop concept begun in 2025, the Budget Team held a three-day budget workshop for Commissioners in mid-July. Following a city-election in June 2026, the Commission recently added three new members to the five-person board. The workshop was intended to thoroughly discuss the proposed 2027 budget, but also to provide Commissioners and the public with an overview of city structure, a review of financial and personnel policies, and an introduction to department leaders and their respective departments' roles and challenges. Each department head presented their 2027 budget requests and rationale, along with fielding questions from the Commission. We encourage readers to review the detailed budget workshop data included with the workshop's budget binder, along with viewing taped workshop sessions.

The preliminary budget was approved as the first-step in the formality of the 2027 budget. Ongoing Commission dialogue, including additional Finance Committee meetings are planned to further vet budget questions and refine budget development. The public hearing on September 14th will also inform Commissioners of resident priorities.

As approved, the General Fund budget is balanced at $147.5 million, including a $1.7 million intentional underspend to maintain a fund balance ratio of 25% against increasing General Fund expenses.

Significant components of the budget include items that met with general agreement among the Commission, items that are pending market condition finalization, and some items that require more discussion and public input:

General Consensus:

- General Fund Property Tax Revenues are budgeted at the cap as calculated by the State of North Dakota's imposed property tax cap formula.
- In recognition of ongoing cost of living increases, a 3% Cost of Living adjustment is proposed for full-time staff across all funds.
- Additional staffing to address the service requirements of a growing city, including a library safety position, one human resource associate, four street equipment operators, one Central Garage equipment technician and four police officers.

Pending Market Finalization:

- Health insurance cost increases were projected at a range of 6%-10%, with the preliminary budget incorporating an 8.5% increase. Final 2027 premiums will be identified in early September.
- Fuel was budgeted at anticipated pricing of early summer. World events continue to complicate the fuel futures market. The city will bid fuel for the first half of 2027 in early September.

More Discussion:

- Allocation of Property Tax Mills to Hector International Airport. Consistent with historic requests, the Airport Authority requested two mills to assist with costs associated with ongoing construction. General Fund Property Tax Revenue is net of 2 mills to the airport.
- Utility Rate increases: In response to increases in operating expenses, additional debt service requirements from expansion efforts and the Red River Valley Water Supply project, and a need to build enterprise fund reserves, the Budget Team is proposing rate increases to five utilities, with differing implications to commercial and residential rate payers.

Based on rate surveys, Fargo's utility rates remain in the lower third of a regional rate survey. The preliminary budget is prepared with these rate increases factored into revenue estimates.

- While the preliminary budget includes funds for four additional police officers, the department request was eight officers and a community service officer.
- Consistent with the 2026 budget, the preliminary 2027 budget includes funding of $440,000 for various social services and community organizations.
- A regional compensation study identifies below market rates of pay for various positions totaling approximately $700,000. Salary adjustments to align pay with comparable market pay is not included in the preliminary budget.

Upon approval of the final 2027 budget, we will update this book to include the new data and any changes to graphs and/or narratives.

FINANCE OVERVIEW – Preliminary General Fund 2027 Budget, as approved

updated 7-26-2026 (Post workshop)

	superseded 7/20/2027	updated 7/27/2027	2027 v 2026	Notes re: 2027 Updates	2026
101 Revenue:					
Property Tax	48,357,505	48,357,505	2,351,647		46,005,858
Franchise Fees	12,472,924	12,472,924	250,500		12,222,424
Licenses & Permits	5,951,000	5,951,000	(1,388,000)		7,339,000
Federal Grants	2,530,309	2,607,210	(137,099)	Health Grant Award	2,744,309
State Share Revenues	22,808,582	22,808,582	(209,364)		23,017,946
Local Grant Reveneus	1,960,221	1,960,221	81,514		1,878,707
Charges for Services	17,625,918	17,625,918	2,197,008		15,428,910
Miscellaneous	9,690,697	9,690,697	371,544		9,319,153
Transfers In - PSST	6,168,838	6,168,838	289,921		5,878,917
Tranfers In - All Other	19,865,504	19,930,815	3,078,828	Updated Transfer	16,851,987
TOTALS	**147,431,498**	**147,573,710**	6,886,499		**140,687,211**
101 Expense:					
Personnel					
Salary - 3% COLA #	79,256,959	79,371,959	3,511,618	adj: PT Mayor + HR seas/temp	75,860,341
Benefits - Health at 8.5% increase ^	28,850,508	28,958,323	(151,192)	add WSI Prem and adj BCBS to 8.5%	29,109,515
PERSONNEL EXPENSE	**108,107,467**	**108,330,282**	3,360,426		**104,969,856**
Operating					
Other Services	10,578,272	10,578,272	747,776		9,830,496
Energy	2,322,018	2,322,018	93,400		2,228,618
Repairs & Maintenance	6,481,073	6,481,073	497,134		5,983,939
Supplies	4,733,498	4,733,498	218,330		4,515,168
Travel/Education	894,433	894,433	(53,789)		948,222
Professional/Admin	1,740,809	1,740,809	52,954		1,687,855
Other/Miscellaneous	864,132	864,132	182,706		681,426
Transfer Debt Service & Other	9,870,339	9,870,339	28,708		9,841,631
OPERATING EXPENSE	**37,484,574**	**37,484,574**	1,767,219		**35,717,355**
CAPITAL EXPENSE	-	-	-		
	145,592,041	145,814,856	5,127,645		140,687,211
	3.49%	2872.88%	29		
			-		
INCREMENTAL GF INCR - 25% TO FUND BAL	1,686,072	1,721,625	-		
	147,278,112	**147,536,481**	147,536,481		
Excess Revenue over Exp	153,386	37,229			

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