

## Finance Committee – 2Q24

City Commission Chambers

5/28/2024 11am



## Agenda

1. Call Meeting to Order – Mayor Mahoney
2. Standing Items – Director of Finance Susan Thompson
  - YTD Financial Review & 1Q YE Financial Projection
  - Economic Indicators: Sales Tax Receipts
  - Finance Updates: Audit, Budget, & ERP Implementation

3. Discussion Topic(s):

Compensation Updates – Director of Human Resources Jill Minette

City of Fargo Finance Overview - Director of Finance Susan Thompson

Formalization of Finance Committee – Mayor Mahoney

4. Other Business
5. Adjourn

Next Meeting: July/August TBD

City of Fargo, North Dakota  
**General Fund - Budget to Actual**  
 Unaudited Monthly Financial Statements - Through April 30, 2024  
 Amounts shown in thousands

	YTD Budget	YTD Actual	YTD Variance
<b>REVENUES:</b>			
<b>1</b> Taxes	\$ 42,099	\$ 41,166	\$ (934)
<b>2</b> Licenses & Permits	2,018	1,500	(519)
<b>3</b> Intergovernmental Revenue	4,592	3,534	(1,058)
<b>4</b> Charges for Services	3,735	2,291	(1,444)
<b>5</b> Fines & Traffic Tickets	480	475	(5)
<b>6</b> Interest	1,317	3,694	2,377
<b>7</b> Miscellaneous Revenue	349	128	(221)
<b>8</b> Transfers In	4,341	4,354	13
<b>Total Revenues</b>	<b>\$ 58,931</b>	<b>\$ 57,142</b>	<b>\$ (1,791)</b>
<b>EXPENDITURES:</b>			
<b>9</b> General Government	\$ 9,324	\$ 9,179	\$ 145
<b>10</b> Public Safety	15,153	13,983	1,170
<b>11</b> Public Works	5,037	4,059	978
<b>12</b> Health & Welfare	5,070	4,680	389
<b>13</b> Culture & Recreation	1,717	1,682	35
<b>14</b> Economic Development	169	50	119
<b>15</b> General Support	381	357	24
<b>16</b> Capital Outlay	73	100	(27)
<b>17</b> Operating Transfers	126	351	(225)
<b>18</b> Contingency (Salary Savings)	(454)	3	(458)
<b>Total Expenditures</b>	<b>\$ 36,596</b>	<b>\$ 34,444</b>	<b>\$ 2,152</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ 22,335</b>	<b>\$ 22,698</b>	<b>\$ 363</b>

- 1** Tax remittance timing issues, expect to catch-up; Mild Jan-Mar resulted in lower utility Franchise Fees.
- 2** Timing w/ License: budget over 12 months; construction-related actuals are seasonal.
- 3** Timing with State Aid remittances verses budget.
- 4** Timing w/ Fees related to construction.
- 6** Higher interest rates; Higher balances in 1Q due to property tax collections.
- 10** Timing with Fire Station 8 personnel: budget: 7.5 x12 months (Jan-Dec); actual: 15 x6 months July-Dec).
- 11** Mild Jan-Mar: lower snow/street related expenses.
- 18** Est 2024 Salary Savings budgeted here; actual salary savings is reflected within specific departments.

City of Fargo, North Dakota  
**General Fund - 2024 Year End Projections**  
As of March 31, 2024  
Amounts shown in thousands

	YTD 2024 Actual	Remaining 2024 Estimates	YE 2024 Projections
<b>REVENUES:</b>			
<b>1</b> Taxes	\$ 39,254	\$ 13,061	\$ 52,315
<b>2</b> Licenses & Permits	961	5,371	6,332
<b>3</b> Intergovernmental Revenue	1,838	22,003	23,841
<b>4</b> Charges for Services	1,436	13,957	15,393
<b>5</b> Fines & Traffic Tickets	330	1,352	1,682
<b>6</b> Interest	2,496	5,001	7,497
<b>7</b> Miscellaneous Revenue	84	866	950
<b>8</b> Transfers In	3,256	9,768	13,024
<b>Total Revenues</b>	<b>\$ 49,655</b>	<b>\$ 71,377</b>	<b>\$ 121,032</b>
<b>EXPENDITURES:</b>			
<b>9</b> General Government	\$ 7,041	\$ 20,243	\$ 27,284
<b>10</b> Public Safety	10,251	40,089	50,340
<b>11</b> Public Works	3,043	12,082	15,125
<b>12</b> Health & Welfare	3,438	12,305	15,743
<b>13</b> Culture & Recreation	1,247	4,218	5,465
<b>14</b> Economic Development	50	381	431
<b>15</b> General Support	278	1,020	1,298
<b>16</b> Capital Outlay	93	177	270
<b>17</b> Operating Transfers	70	6,028	6,098
<b>18</b> Contingency (Salary Savings)	1	(1,023)	(1,022)
<b>Total Expenditures</b>	<b>\$ 25,512</b>	<b>\$ 95,520</b>	<b>\$ 121,032</b>
<b>Revenue Over (Under) Expenditures</b>	<b>\$ 24,143</b>	<b>\$ (24,143)</b>	<b>\$ 0</b>

City of Fargo  
 Comparative Sales Tax Analysis of All Sales Tax Revenue - ACCRUAL BASIS  
 PB: SS/KAC (prior to 2022)  
 4/22/2024

Payment Date	month collected	Amount	County Collections	County Growth %	City Collections	City Growth %	
		County Sales Tax	5,190,674.29	13.8%	15,722,428.95	14.9%	
		County Sales Tax					
		County Sales Tax				15,722,428.95 City 2024	
		County Sales Tax				5,190,674.29 County 2024	
		County Sales Tax					
		County Sales Tax				13,679,535.08 City 2023	
		County Sales Tax				4,560,310.59 County 2023	
		County Sales Tax					
		County Sales Tax				2,042,893.87 City Change	
5/21/2024	Mar-24	County Sales Tax	2,276,388.27		6,980,911.25	630,363.70 County Change	
4/22/2024	Feb-24	County Sales Tax	1,023,591.77		3,163,097.74		
3/21/2024	Jan-24	County Sales Tax	1,890,694.25		5,578,419.96		
2/22/2024	Dec-24	County Sales Tax	2,781,114.42	23,106,462.71	8.2%	69,250,461.96	4.0%
1/22/2024	Nov-24	County Sales Tax	1,559,305.60		4,709,032.00		
12/20/2023	Oct-24	County Sales Tax	1,916,009.28		5,684,255.33	69,250,461.96 City 2023	
11/22/2023	Sep-24	County Sales Tax	2,480,655.78		7,615,211.78	23,106,462.71 County 2023	
10/21/2023	Aug-24	County Sales Tax	1,509,750.17		4,530,239.98		
9/20/2023	Jul-24	County Sales Tax	2,012,131.70		6,030,106.74	66,571,120.26 City 2022	
8/20/2023	Jun-24	County Sales Tax	2,337,746.99		6,739,403.04	21,358,922.89 County 2022	
7/21/2023	May-24	County Sales Tax	1,873,134.11		5,735,919.99		
6/21/2023	Apr-24	County Sales Tax	2,076,304.07		6,368,293.95	2,679,341.70 City Change	
5/21/2023	Mar-24	County Sales Tax	1,528,002.65		4,619,852.76	1,747,539.82 County Change	
4/22/2023	Feb-24	County Sales Tax	1,455,198.19		4,544,116.43		
3/19/2023	Jan-24	County Sales Tax	1,577,109.75		4,515,565.89		
2/22/2023	Dec-22	County Sales Tax	2,331,087.61	21,358,922.89	-2.6%	66,571,120.26	4.3%
1/24/2023	Nov-22	County Sales Tax	1,892,168.21		5,746,351.94		
12/21/2022	Oct-22	County Sales Tax	1,904,586.17		5,637,286.90	66,571,120.26 City 2022	
11/22/2022	Sep-22	County Sales Tax	1,828,464.08		5,282,124.95	21,358,922.89 County 2022	
10/21/2022	Aug-22	County Sales Tax	1,905,477.39		5,697,578.75		
9/20/2022	Jul-22	County Sales Tax	2,321,971.24		7,149,286.78	63,840,810.53 City 2021	
8/20/2022	Jun-22	County Sales Tax	1,816,911.33		5,066,525.72	21,920,710.74 County 2021	
7/21/2022	May-22	County Sales Tax	1,811,968.57		5,388,350.10		
6/21/2022	Apr-22	County Sales Tax	1,971,576.35		6,059,165.61	2,730,309.73 City Change	
5/21/2022	Mar-22	County Sales Tax	1,526,674.55		4,461,738.30	(561,787.85) County Change	
4/22/2022	Feb-22	County Sales Tax	613,842.16		4,850,989.43		
3/19/2022	Jan-22	County Sales Tax	1,434,195.23		4,216,173.45		
2/22/2022	Dec-21	County Sales Tax	2,471,070.77	21,920,710.74	31.1%	63,840,810.53	29.9%
1/25/2022	Nov-21	County Sales Tax	1,587,312.19		4,653,877.92		
12/21/2021	Oct-21	County Sales Tax	2,245,078.73		6,847,607.38		
11/22/2021	Sep-21	County Sales Tax	1,578,911.41		4,305,274.70		
10/21/2021	Aug-21	County Sales Tax	1,846,222.17		4,948,174.14		
9/20/2021	Jul-21	County Sales Tax	1,941,367.18		5,563,279.08		
8/20/2021	Jun-21	County Sales Tax	1,928,026.98		5,794,768.26		
7/21/2021	May-21	County Sales Tax	2,134,078.28		6,292,906.78	49,146,842.57 City	
6/21/2021	Apr-21	County Sales Tax	1,247,864.18		3,423,096.66	16,719,327.13 County	
5/21/2021	Mar-21	County Sales Tax	1,924,292.66		5,462,536.61		
4/22/2021	Feb-21	County Sales Tax	1,588,269.26		4,766,421.14		
3/19/2021	Jan-21	County Sales Tax	1,428,216.93		4,327,619.25		
2/22/2021	Dec-20	County Sales Tax	1,445,794.87	16,719,327.13	0.3%	49,146,842.57	-5.0%
1/25/2021	Nov-20	County Sales Tax	1,587,940.99		4,492,863.04		
12/21/2020	Oct-20	County Sales Tax	1,630,976.65		4,999,947.66		
11/23/2020	Sep-20	County Sales Tax	1,396,321.95		3,952,605.63		
10/21/2020	Aug-20	County Sales Tax	1,694,006.82		4,276,558.28		
9/22/2020	Jul-20	County Sales Tax	1,467,915.93		4,382,459.17		
8/21/2020	Jun-20	County Sales Tax	1,605,095.72		4,774,814.61		
7/22/2020	May-20	County Sales Tax	1,557,866.22		4,797,152.70		
6/19/2020	Apr-20	County Sales Tax	860,574.06		2,448,782.22		
5/21/2020	Mar-20	County Sales Tax	1,293,072.02		3,865,417.55		
4/22/2020	Feb-20	County Sales Tax	1,306,194.23		4,286,357.93		
3/20/2020	Jan-20	County Sales Tax	873,567.67		2,637,696.22		
2/24/2020	Dec-19	County Sales Tax	1,806,500.14	16,670,136.34	6.0%	51,732,824.69	7.4%
1/23/2020	Nov-19	County Sales Tax	1,765,912.60		5,757,005.84		
12/20/2019	Oct-19	County Sales Tax	1,053,485.18		3,055,444.40		
11/22/2019	Sep-19	County Sales Tax	1,586,457.86		4,786,259.66		
10/21/2019	Aug-19	County Sales Tax	1,600,148.48		4,940,121.35		
9/23/2019	Jul-19	County Sales Tax	1,209,618.14		3,618,612.18		
8/21/2019	Jun-19	County Sales Tax	2,012,988.64		6,334,417.88		
7/22/2019	May-19	County Sales Tax	1,000,237.92		2,954,722.53		
6/21/2019	Apr-19	County Sales Tax	1,206,333.76		3,957,201.59		
5/21/2019	Mar-19	County Sales Tax	1,575,011.74		4,907,368.09		
4/22/2019	Feb-19	County Sales Tax	781,011.94		2,472,350.68		
3/21/2019	Jan-19	County Sales Tax	1,072,429.94		3,407,135.32		
2/22/2019	Dec-18	County Sales Tax	1,602,337.29	15,720,221.20		48,185,965.90	
1/23/2019	Nov-18	County Sales Tax	1,331,035.62		4,232,397.07		
12/21/2018	Oct-18	County Sales Tax	1,343,355.18		4,113,930.12		
11/23/2018	Sep-18	County Sales Tax	1,718,685.28		5,054,359.80		
10/19/2018	Aug-18	County Sales Tax	991,141.62		2,924,184.95		
9/24/2018	Jul-18	County Sales Tax	1,438,831.10		4,290,954.46		
8/21/2018	Jun-18	County Sales Tax	1,796,550.82		5,462,231.25		
7/23/2018	May-18	County Sales Tax	1,042,677.94		3,258,203.14		
6/21/2018	Apr-18	County Sales Tax	1,142,864.18		3,527,756.41		
5/21/2018	Mar-18	County Sales Tax	1,508,616.11		4,674,211.89		
4/20/2018	Feb-18	County Sales Tax	713,349.48		2,264,455.70		
3/21/2018	Jan-18	County Sales Tax	1,090,776.58		3,425,857.59		
2/22/2018	Dec-17	County Sales Tax	1,871,667.76		6,232,808.91		
1/23/2018	Nov-17	County Sales Tax	924,357.13		2,809,247.58		
Totals Since 2018		\$ 113,951,386			\$ 344,902,586		

May 28, 2024

Honorable Board of City Commissioners  
225 4th St. N.  
Fargo, ND 58102

Commissioners:

By memorandum dated October 23, 1997, Mayor Bruce Furness requested the City Commission to consider appointing a Finance Committee to include Commissioner John Cosgriff as Chair; City Coordinator Pat Zavoral; City Auditor Carol Kraft; Finance Coordinator Kent Costin; and Mayor Bruce Furness. Since that time, the Finance Committee has served as an advisory committee to the Finance Director, with action items brought to the City Commission for consideration and approval.

In 2023, the question was raised as to whether the Finance Committee should be an open meeting. The City Attorney concluded in the affirmative, after which time the Finance Committee was opened and prior minutes kept were placed on the City of Fargo website. Prior to and since that time, there have been discussions about making such financial information available to all City Commissioners and the role of providing a comprehensive strategy for the City's overall financial operations and planning.

The resolution enclosed for your review outlines the process by which to have the full Board of City Commissioners meet as the Finance Committee on a quarterly basis. Upon consideration and approval, all Commissioners will participate in discussions regarding the financial condition of the City in a dedicated, comprehensive agenda. The present Finance Committee established in 1997 would be reconstituted to consist of the full Board of City Commissioners.

In addition to this change, I am proposing to memorialize the establishment of a comprehensive staff committee led by City Administration and the Finance Department that provides feedback and advice on certain financial and human resource matters. This internal staff committee does not operate with any delegated or independent authority; rather, it makes recommendations and suggestions to the City Administrator and Finance Director for their consideration. To the extent the Board of City Commissioners has delegated authority to the City Administrator and Finance Director, either in their job

descriptions, by Ordinance, or pursuant to the adopted Purchasing Policy, they would be empowered to act.

In all other instances, the recommendations of the staff committee would be presented to the Board of City Commissioners for consideration and approval, such as: budget adjustments; special assessment deferral requests; out of grade pay adjustments; grant funds applications; and other such matters previously presented to the Finance Committee and included in the City Commission agenda for final approval. The Board of City Commissioners would be assured that staff with knowledge of the matter has fully vetted the issue(s), and the City Administrator or Finance Director would present an informed recommendation of either approval or denial to the City Commission for consideration.

**Suggested Motion:** I move to reconstitute the Finance Committee established in 1997 and establish the Board of City Commissioners as the Finance Committee to meet, at minimum, on a quarterly basis to consider the long-term planning and oversight of financial matters of the City of Fargo and engage in comprehensive review and discussion of ongoing projects and analysis of financial matters impacting the financial health and well-being of the City of Fargo.

I propose that this resolution be placed on the June 10, 2024 City Commission agenda for approval. Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Mahoney". The signature is fluid and cursive, with the first name being the most prominent part.

Dr. Timothy J. Mahoney  
Mayor

COMMISSIONER \_\_\_\_\_ introduced the following resolution and moved its adoption:

**Resolution Establishing the Board of City Commissioners as the Finance Committee of the City of Fargo**

**WHEREAS**, pursuant to motion on October 23, 1997, the Finance Committee of the city of Fargo was established by the board of city commissioners, to consist of the Mayor, the liaison commissioner to the Finance Department, and other necessary and appropriate staff; and

**WHEREAS**, the Board of City Commissioners recognizes and acknowledges that the financial health and well-being of the City of Fargo is of critical importance and that it is the City Commission's duty and responsibility to be informed of the financial status and transactions of the City; and

**WHEREAS**, staff authority is limited to job duties and functions, and the adopted Purchasing Policy of the City of Fargo, necessitating financial decisions be presented to the City Commission for final approval in an orderly and transparent manner; and

**WHEREAS**, the Finance Committee is tasked with policy creation and direction of the City in all financial matters, and an in depth review and analysis of the financial position of the City on a regular basis by Finance Committee will inform staff recommendations.

**NOW, THEREFORE, BE IT RESOLVED** By the Board of City Commissioners of the City of Fargo that the Finance Committee of the city of Fargo is hereby established, as follows:

1. The Board of City Commissioners of the City of Fargo shall meet bi-monthly as the Finance Committee of the city of Fargo.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2024.

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Dr. Timothy J. Mahoney, Mayor

Attest:

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Steven Sprague, City Auditor

The motion for the adoption of the foregoing resolution was duly seconded by COMMISSIONER \_\_\_\_\_, and upon roll call vote, the following voted in favor thereof: COMMISSIONERS \_\_\_\_\_. The following were absent and not voting: \_\_\_\_\_, and the following voted against the same: \_\_\_\_\_, whereupon the resolution was declared duly passed and adopted.