



August 19, 2013

Board of County Commissioners
Cass County Government
211 9th Street South
Fargo ND 58103

Auditor

Michael Montplaisir, CPA
701-241-5601

Treasurer

Charlotte Sandvik
701-241-5611

Director of Equalization

Frank Klein
701-241-5616

Re: 2014 Preliminary Budget Approval

Dear Commissioners:

Over the past two weeks, you reviewed department budget requests and made some changes detailed on the attachments included with this letter. Decreases in the General Fund budget requests total \$803,776 and in the Social Services Fund \$216,422; as a result reimbursement revenues in the Social Services Fund are also reduced by \$26,496.

Even with the changes the General Fund Budget will increase from the 2013 budget of \$25,856,299 to \$28,790,376 for an increase of \$2,934,077 – or a little over 11%.

A summary of the changes to the General Fund is as follows:

2013 Budget	\$	25,856,299	
New Positions		1,337,283	5.17%
Elections		333,888	1.29%
Salary Inc to Current Emp		312,974	1.21%
Benefit Inc to Current Emp		263,142	1.02%
increases in transfers out		249,340	0.96%
Individual line item changes		437,450	1.69%
2014 Preliminary Budget	\$	<u>28,790,376</u>	11.35%

Revenues are also increasing, mostly due to an increase in State Aid Distribution, increases in Homestead Credit and Veteran's Credit, and anticipated increased prisoner boarding.

2013 Budget	\$	24,572,935	
Property Tax		452,757	1.84%
State Revenues		1,585,688	6.45%
Charges for Services		983,940	4.00%
Reimbursements		<u>90,431</u>	0.37%
	\$	<u>27,685,751</u>	12.67%

We still have a revenue shortfall of \$1.1 million but we project reserves to be at \$8 million at the end of 2014, or about 27% of our budgeted expenditures.

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The mill levy for the General Fund is currently projected at 27.34 mills for the 2013 levy; that is down .91 mills from the 2012 tax levy. Why the decrease in mills if we have a revenue shortfall? In past legislative sessions the legislature has enacted a "zero number of mills increase" provision that requires us to account for the inflation factor in our tax valuation and decrease the mills accordingly. The computation for Cass County is as follows:

- 2013 Taxable Value \$521 million
- 2014 Taxable Value \$543 million
- Less New Growth \$ 14.6 million
- Taxable Value w/out growth \$528.4 million
- $\$521 * 63.6 \text{ Mills} = \$33 \text{ million in tax dollars}$
- $\$528.4 * 62.67 \text{ Mills} = \$33 \text{ million in tax dollars}$
- $\$14.6 * 62.67 \text{ Mills} = \$.9 \text{ Million in tax dollars}$
- Total levy can not exceed \$33.9 Million

We needed to reduce our total mill levy from 63.60 mills to the new target of 62.67 to comply with zero number of mill increase provisions. To do this we reduced the Debt Service Levy by .02 mills and took the remaining .91 mills off the General Fund. We can go beyond the zero number of mills increase, but then we need to send notices to over 4,000 property owners advising them of our budget hearing, and also hold the budget hearing no earlier than 6:00 p.m.

As mentioned above, you also made some changes to the Social Service budget. As originally presented the budget called for a revenue shortfall of \$415,946. Following the changes made in the preliminary budget, a shortfall of \$226,020 still exists for 2014. The fund reserves are projected at 11.5% for the end of 2014.

There are still areas of the budget that need additional work. We hope to obtain projections on health insurance rates yet this week and may need to make some adjustments to the budget based on those projections. We included a projected 5% increase in rates for 2014 in the preliminary budget figures. We also have a subcommittee that will meet next month to work out some budget issues in connection with the Coroner's Office and space requirements. These two items should be resolved prior to the budget hearing on September 16th.

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The total Preliminary Budget for 2014 totals \$88,868,309 compared to \$84,747,075 for 2013 or a little less than a 5% increase overall. I always term the budget a living document—it is a projection of what we expect to happen in the next year but at different times during the next year while this budget is in effect, you will be asked to make changes as needs change due to expected events that do not happen and unexpected events that do happen. Once you approve the preliminary budget you can make changes to the budget; however, you cannot make changes after this point that increases the mill levy.

Sincerely,



Michael Montplaisir, CPA
Cass County Auditor

SUGGESTED MOTION:

Move to approve the Preliminary 2014 Cass County Budget in the amount of \$88,868,309; to direct the County Auditor to levy taxes to support the budget in sufficient number of mills to provide the needed property tax revenue not to exceed 62.67 mills; and to set a public hearing on the 2014 Cass County Budget for 3:30 p.m. on September 16, 2013 in the Cass County Commission chambers. The County Auditor is directed publish a notice of hearing in the official newspaper.

Or

Move to approve the Preliminary 2014 Cass County Budget in the amount of \$_____ ; to direct the County Auditor to levy taxes to support the budget in sufficient number of mills to provide the needed property tax revenue not to exceed _____ mills; and to set a public hearing on the 2014 Cass County Budget for 6:00 p.m. on September 16, 2013 in the Cass County Commission chamber. The County Auditor is directed publish a notice of hearing in the official newspaper.

Cass County Government Budget/Levy Summary 2014

	2013			2014		2014 Projected Fund Balance	2013 Mill Levy	2014 Mill Levy
	Adjusted Budget	Projected Expenditures	Projected Fund Balance	Board Revenues	Approved Budget			
101 General Fund	25,856,299	25,206,988	9,134,739	27,685,751	28,790,376	8,030,114	28.25	27.34
Special Revenue Funds								
201 Human Services	13,403,146	13,363,400	1,862,709	13,961,145	14,187,165	1,636,689	19.50	19.50
211 Road and Bridge	16,004,547	18,399,867	2,928,275	19,568,005	21,797,934	698,346	10.25	10.25
219 Parenting Workshop	20,000	19,999	31,710	15,530	20,000	27,240		
221 Sheriff Asset Forfeiture	179,800	105,500	29,666	101,100	59,100	71,666		
222 Senior Citizens Fund	867,852	867,852	69,437	985,154	947,596	106,995	1.00	1.00
224 911 Service Fund	336,094	332,644	5,961	355,000	356,013	4,948		
225 Asset Forfeiture (States Atty)	3,000	8,112	181,943	15,300	3,000	194,243		
226 JAIBG Fund (Sheriff)	5,000	14,000	57,787	10,200	10,000	57,987		
229 Emergency/ Flood Mitigation Fund	1,200,000	1,039,117	1,263,730	1,606,572	2,000,000	870,302	3.00	3.00
220 24/7 Sobriety Program	5,000	32,000	61,224	70,100	40,000	91,324		
235 Jail Commissary Fund (Sheriff)	210,066	58,616	253,604	201,000	130,836	323,768		
236 Hazardous Plan/Response Fund (Sheriff)	6,000	3,000	21,737	6,000	6,000	21,737		
237 Valley Water Rescue Fund (Sheriff)	34,290	34,290	16,581	33,704	34,290	15,995		
238 NDRIN Fund (Recorder)	1,220,000	1,237,500	1,398,286	1,325,000	1,286,000	1,437,286		
239 Document Preservation (Recorder)	322,224	187,374	285,976	191,000	206,346	270,630		
241 Swat Vehicle Replacement	-	-	5,438	2,360	-	7,798		
Total Special Revenue Funds	33,817,019	35,703,271	8,474,064	38,447,170	41,084,280	5,836,954	33.75	33.75
Total General and Special Revenue Funds Mill Levy							62.00	61.09
Debt Service Fund (Special Assessment)								
302 Round Hill Subdivision	26,150	26,242	0	-	-	0		
303 Greyhawk Estates Sub	34,032	34,032	42,585	30,103	32,994	39,694		
306 Holmen's 3rd Subdivision	8,355	8,355	4,579	6,051	8,352	2,278		
318 Grandberg/Amber Plains Subdivision	36,615	36,615	5,926	34,312	35,638	4,600		
Courthouse Debt Service	949,715	949,715	92,733	946,528	945,283	93,978	1.60	1.58
Total Debt Service Funds	1,054,867	1,054,959	145,823	1,016,994	1,022,267	140,550	1.60	1.58
Internal Service Funds								
501 Health Insurance Fund	3,678,007	3,698,209	1,392,899	4,104,000	3,914,731	1,582,168		
502 Telephone Service Fund	185,000	175,500	93,974	195,100	193,700	95,374		
504 Motor Pool Service Fund	40,730	40,730	56,037	32,100	27,000	61,137		
505 Dental Insurance Fund	303,980	303,980	193,022	304,530	303,980	193,572		
Total Internal Service Funds	4,207,717	4,218,419	1,735,933	4,635,730	4,439,411	1,932,252	-	-
Total "County" Mill Levy							63.60	62.67
Other County Agencies								
231 Weed Control Fund	436,900	436,866	242,437	378,176	465,134	155,479	2.00	1.80
232 Vector Control Fund	903,290	895,381	179,751	952,691	951,928	180,514	1.00	1.00
233 County Park Fund	44,311	44,000	55,409	39,966	32,903	62,472	0.35	0.35
Southeast Cass WRD	9,397,677	7,575,385	6,571,189	7,118,235	8,473,030	5,216,394	4.00	4.00
Rush River WRD	4,226,610	4,318,865	711,143	533,090	344,885	899,348	4.00	4.00
Maple River WRD	1,016,844	843,248	97,595	969,190	570,195	496,590	4.00	4.00
North Cass WRD	1,462,888	411,755	1,413,301	631,865	508,740	1,536,426	4.00	4.00
Red River Joint WRD	2,322,653	2,086,810	6,249,576	2,185,160	2,185,160	6,249,576	2.00	2.00
Total Other County Agencies	19,811,173	16,612,310	15,520,402	12,808,373	13,531,975	14,796,800	21.35	21.15
Total All County Funds	84,747,075	82,795,947	35,010,961	84,594,018	88,868,309	30,736,670	84.95	83.82
Maximum County Mill Rate on any Property							72.95	71.82

**County General Fund
Budget Summary
Fund Number 101**

	Two Year's Ago Actuals	Last Year's Actuals	2013 Adjusted Budget	Y-T-D Actual	2013 Projection	2014 Department Request	2014 Commission Budget
Revenues	24,648,372	26,616,604	24,572,935	19,475,321	25,569,260	27,685,751	27,685,751
Expenditures	22,612,584	24,350,852	25,856,299	14,805,943	25,206,988	29,594,152	28,790,376
Revenues Over (Under) Expenditures	2,035,788	2,265,753	(1,283,364)	4,669,378	362,272	(1,908,401)	(1,104,625)
Beginning Balance	4,470,926	6,506,714	8,772,467	8,772,467	8,772,467	9,134,739	9,134,739
Ending Balance	6,506,714	8,772,467	7,489,103	13,441,845	9,134,739.0	7,226,338	8,030,114
					36.24%	24.42%	27.89%

History					
	Year	Revenue	Expenditures	Balance	Mills
Actual	1992	8,379,912	9,128,860	1,917,334	27.59
Actual	1993	8,388,205	8,675,130	1,630,409	29.55
Actual	1994	8,314,978	8,689,703	1,255,684	29.50
Actual	1995	9,435,470	9,196,915	1,494,239	33.72
Actual	1996	9,455,194	9,286,528	1,662,905	30.39
Actual	1997	9,251,423	9,961,993	952,335	27.72
Actual	1998	10,189,446	10,692,618	449,163	29.13
Actual	1999	12,194,259	10,788,685	1,854,737	30.94
Actual	2000	11,973,821	12,255,277	1,573,281	30.40
Actual	2001	12,724,708	11,853,297	2,444,692	30.40
Actual	2002	13,475,764	13,853,062	2,067,394	29.52
Actual	2003	15,610,283	14,744,461	2,933,216	30.00
Actual	2004	16,056,852	15,991,857	2,986,413	31.20
Actual	2005	20,860,383	20,999,971	2,846,825	32.75
Actual	2006	19,873,919	20,290,099	2,430,645	31.25
Actual	2007	20,646,140	20,558,770	2,518,015	31.25
Actual	2008	20,459,229	19,865,078	3,112,166	32.25
Actual	2009	20,859,767	20,713,816	3,258,141	32.25
Actual	2010	22,709,775	21,496,990	4,470,926	32.25
Actual	2011	24,648,372	22,612,584	6,506,714	32.25
Actual	2012	26,616,604	24,350,852	8,772,467	28.25
Projected	2013	25,569,260	25,206,988	9,134,739	27.34
Budget	2014	27,685,751	28,790,376	8,030,114	27.34

**Human Service Fund
Budget Summary
Fund Number 201**

	Two Year's Ago Actuals	Last Year's Actuals	2013 Adjusted Budget	Y-T-D Actual	2013 Projection	2014 Departmental Request	2014 Commission Budget
Revenues	11,622,184	11,861,391	13,096,648	11,303,283	13,300,325	13,987,641	13,961,145
Expenditures	11,665,664	12,207,748	13,403,146	6,673,671	13,363,400	14,403,587	14,187,165
Revenues Over (Under) Expenditures	(43,480)	(346,357)	(306,498)	4,629,612	(63,075)	(415,946)	(226,020)
Revenue Adjustment (1%)							
Expenditure Adjustment (1%)							
Beginning Balance	2,315,621	2,272,141	1,925,784	1,925,784	1,925,784	1,862,709	1,862,709
Ending Balance	2,272,141	1,925,784	1,619,286	6,555,396	1,862,709	1,446,763	1,636,689
					13.94%	10.04%	11.54%

	History				
	Year	Revenue	Expenditures	Balance	Mills
Actual	1992	4,767,062	4,603,898	1,169,701	15.98
Actual	1993	5,265,260	4,966,736	1,468,225	15.29
Actual	1994	5,434,619	5,302,788	1,600,056	16.68
Actual	1995	4,963,652	5,649,546	914,162	12.82
Actual	1996	5,873,767	5,870,303	917,626	16.47
Actual	1997	6,377,700	6,355,994	939,332	16.88
Actual	1998	6,031,548	5,889,859	1,081,021	18.14
Actual	1999	6,630,768	6,317,407	1,394,382	20.94
Actual	2000	6,884,534	6,743,415	1,535,501	20.15
Actual	2001	7,287,571	7,277,875	1,545,197	19.89
Actual	2002	7,612,399	7,802,582	1,355,014	19.89
Actual	2003	8,067,075	7,903,909	1,518,198	21.00
Actual	2004	8,439,969	8,420,107	1,538,060	21.00
Actual	2005	9,429,345	8,917,652	2,049,753	21.00
Actual	2006	9,396,648	9,411,070	2,035,331	21.00
Actual	2007	9,866,244	10,214,922	1,686,653	19.00
Actual	2008	10,303,436	10,084,921	1,905,168	18.00
Actual	2009	10,440,708	10,197,931	2,147,945	18.00
Actual	2010	11,093,944	10,926,268	2,315,621	17.50
Actual	2011	11,622,184	11,665,664	2,272,141	17.50
Actual	2012	11,861,391	12,207,748	1,925,783	17.50
Projected	2013	13,300,325	13,363,400	1,862,708	19.50
Budget	2014	13,961,145	14,187,165	1,636,688	19.50

2014 Budget Change Summary

	Department Request	Health Rates	Commission Changes	Commission Budget
General Fund:				
Revenues				
County Commission	23,652,387			23,652,387
Information Technology	14,100			14,100
County Auditor	29,000			29,000
Cemetary	400			400
Elections	-			-
County Treasurer	90,480			90,480
County Recorder	673,500			673,500
Director of Equalization	7,100			7,100
States Attorney	9,700			9,700
Victim Witness	36,381			36,381
Sheriff Operations	851,791			851,791
County Jail	1,999,000			1,999,000
Detention Center	72,000			72,000
Emergency Management	200,882			200,882
Planning	200			200
Extension	24,180			24,180
Parenting Resource Center	24,650			24,650
Total General Fund Revenue	27,685,751		-	27,685,751
Expenditures				
Health & Dental All Dept				
County Commission	\$ 2,854,362		\$ (75,550)	\$ 2,778,812
County Administrator	2,594,147			2,594,147
Information Technology	1,365,738		(85,230)	1,280,508
County Auditor	736,336			736,336
Cemetary	13,369			13,369
Elections	478,868			478,868
County Treasurer	364,441		(5,000)	359,441
County Recorder	633,203			633,203
Director of Equalization	289,910			289,910
States Attorney	2,466,336			2,466,336
Victim Witness	206,085			206,085
Coroner	190,504			190,504
Sheriff Operations	6,786,817		(637,996)	6,148,821
Emergency Services Unit	64,460			64,460
County Jail	8,812,020			8,812,020
Detention Center	644,249			644,249
Emergency Management	218,862		-	218,862
Planning	87,878			87,878
Extension	461,957			461,957
Parenting Resource Center	49,411			49,411
Veterans Service	275,199			275,199
Total General Fund Expenditure	\$ 29,594,152	\$ -	\$ (803,776)	\$ 28,790,376

2014 Budget Change Summary

	Department Request	Health Rates	Commission Changes	Commission Budget
Social Service Fund				
Revenues	\$ 13,987,641		\$ (26,496)	\$ 13,961,145
Expenditures	14,403,587		(216,422)	14,187,165
County Road & Bridge				
Revenues			\$	-
Expenditures				-
Weed Control				
Expenditures				-
Vector Control				
Revenues			\$	-
Expenditures				-
Jail Commissary				
Expenditures			\$	-
Emergency Fund				
Revenues			\$ -	\$ -
Expenditures			\$	-
Total Revenue Changes (Net)			<u>(26,496)</u>	
Total Expenditure Changes			<u>- (1,020,198)</u>	

Detail of Changes

Commission

Reduce Fair Budget	(10,000)
Remove Laptop Replacements	(4,800)
Reduce Historical Society	(60,750)

(75,550)

Information Technology

Reduce Consulting	(10,000)
Remove AS400 Replacement	(70,230)
Remove Audio Recording	(5,000)

(85,230)

Treasures Office

Reduce Postage	(5,000)
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Sheriff Operations

Remove 3 Patrol Staff Request	(418,497)
Remove Furniture	(80,000)
Remove 1 Patrol Staff Request	(139,499)

(637,996)

Total General Fund Expenditures (803,776)

Total General Fund Revenues

Human Services

Revenues

Reduce for Admin Assist	(26,496)
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Expenditures

SS Board Changes	(227,422)
Commission Changes	11,000

(216,422)

Revenue Changes	(26,496)
Expenditure Changes	(1,020,198)