



Finance Office

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April 9, 2025

Board of County Commissioners
Cass County North Dakota
211 9th St. S
Fargo, ND 58103

Re: 2026 Budget Session and 2025 Calendar

Dear Commissioners:

In light of the anticipated implementation of budget caps concerning the total amount of property tax levied by taxing districts, and in preparation for the upcoming 2026 budget session, the Finance Office is presenting the annual 2025 budget calendar and proposed course of action. This recommendation aims to help navigate potential fiscal constraints while ensuring continued financial stability and meeting the needs of our community in the upcoming budget cycle.

Budget Calendar

The budget calendar spans from mid-May to October, with the Cass County Home Rule Charter stipulating that the budget must be approved on or before October 1st. To allow for thorough review, the dates for meetings with departments and external agencies have been scheduled from July 23rd to July 25th.

Directive for Department Heads:

1. **Conservative Fiscal Approach for the Next Two Years:** Prioritize cost control by minimizing discretionary expenditures and focusing on long-term financial sustainability.
2. **Target a 0% Increase in Departmental Budgets (Excluding Staffing Costs):** Aim to maintain departmental budget levels (excluding staffing costs) at or below the previous year's amount, with reductions considered for underutilized budgets. Adjustments should only be made for essential cost increases or mandatory expenses.
3. **New FTE Hiring Freeze for the 2026 Budget Year:** Strive to maintain a hiring freeze for new positions, ensuring that any proposed staffing changes are carefully reviewed and only approved when absolutely necessary to meet operational demands.
4. **Justifications for Budget Increases:** Should any department's budget (excluding staffing) reflect an increase above the 0% target provide clear and detailed explanations for the rise, outlining the necessity and impact of the additional funding.
5. **Cost containment & Efficiency Improvements:** Proactively identify and implement opportunities to reduce costs through process optimization, such as automation, renegotiating contracts, reducing waste, and streamlining operations, all while maintaining the quality and effectiveness of essential services.
6. **Final review meeting:** Once a department's budget is completed, but before submission to the commission, a final review meeting will be scheduled. This meeting will involve the department, their

respective Portfolio Commissioner, and representatives from Administration & Finance to ensure a thorough review of the budget.

Budget Priorities:

Strategies and priorities for achieving a balanced budget:

1. Reduce or eliminate unfunded mandates that totaled \$4,424,900 in the 2025 budgeted:
 - a. Job Development Authority: \$2,500,000
 - b. County Fair: \$1,250,000
 - c. Historical Society: \$348,000
 - d. Ambulance Donation: \$288,400
 - e. First Link: \$7,000
 - f. Lake Agassiz Rec Council: \$31,500
2. Evaluating potential funding increases to Road & Bridge Fund and how these increases can help mitigate the impact of the budget cap:
 - a. Gas tax increases
 - b. Additional grant opportunities from DOT
 - c. Potential increase in legacy funding
 - d. Changes in prairie dog funding priorities
3. Assess shifting existing mill levies to the General Fund to optimize resource distribution for more flexible budgeting across the various departments.

Fund Balance:

Maintain a fund balance ratio of 30-40% based on the following formula:

$$\frac{[(\text{Available Fund Balance} + \text{Net Current Assets})/\text{Revenue}]}{1}$$

According to Moody's Credit Rating Agency, a fund balance ratio approaching 40% is seen as a positive financial indicator. This higher ratio signals a strong capacity for the county to manage its financial obligations, potentially leading to a credit rating upgrade. On the other hand, a fund balance ratio falling below 30% raises concerns about the county's financial stability and could result in a downgrade of its credit rating, which may increase borrowing costs and reduce financial flexibility.

Currently, Cass County maintains an Aa3 stable rating, which reflects the county's sound financial management practices, including effective budgeting, resource allocation, and risk mitigation strategies. This stable rating is vital for securing favorable terms on loans and maintaining investor confidence (WIFIA loans and Water Districts rely on Cass County's credit rating).

By ensuring the fund balance stays within the recommended range of 30-40%, the county will be better positioned to withstand unexpected financial challenges, such as economic downturns or unforeseen expenses, while maintaining operational effectiveness. This prudent approach also protects the county from potential rating downgrades, which could negatively impact its financial standing and future credit opportunities.

Given the importance of these financial strategies in maintaining fiscal health, it is recommended that the commission update its policy to formally incorporate this revised target for the fund balance ratio. Adopting this recommendation will not only align with best practices but will also demonstrate the county's commitment to maintaining a stable and resilient financial position in the long term.

Maintain the Building Fund:

Maintaining a healthy building fund balance is crucial for the county, especially during times of financial uncertainty:

- **Ensuring Financial Flexibility:** A healthy building fund balance provides a cushion of reserves that can be accessed during financial emergencies or unexpected costs. This flexibility is especially critical when budget caps limit the ability to increase tax revenue. Having adequate reserves ensures that the county can continue critical capital projects, such as maintaining or upgrading public buildings and facilities, without needing to rely on restricted operating funds.
- **Prevents Deferred Maintenance and Cost Escalation:** Maintaining a healthy building fund balance allows major repairs and capital replacements, currently funded by the general fund, to be budgeted from the building fund. This provides more flexibility in the general fund. Proactively addressing maintenance needs prevents deferred repairs, which can lead to costlier fixes over time, and ensures public buildings remain safe, functional, and efficient.
- **Support Long-Term Capital Projects:** The county funds significant capital improvement projects, such as new public buildings, infrastructure upgrades, or major repairs, through the building fund. A healthy fund balance ensures that these projects can proceed as planned, even if annual operating budgets are constrained. This helps avoid delays or cancellations that could impact public services, safety, and economic growth.
- **Reduces Reliance on Borrowing:** A healthy building fund balance enables the county to finance capital improvements with internal funds, reducing the need for debt. This lowers interest costs, minimizes long-term financial obligations, and helps preserve financial stability, especially under budget caps.
- **Current Building Fund Projects include:**
 - RRRDC (\$10mm)
 - Courtroom Remodel (\$1.4mm)
 - IT Relocation (\$0.1mm)
 - Election Warehouse (\$2.75mm)
 - Overall space needs study

By adopting these strategies, Cass County will be well-equipped to navigate fiscal challenges, maintain operational efficiency, and safeguard its long-term financial health. These measures will ensure that the Cass County Commission produces a fiscally responsible budget that aligns with both the legal requirements and the goals established during the 2025 legislative session, securing a stable and sustainable future for the county.

Our office looks forward to discussing whether this proposal aligns with the Commission's objectives and to receiving your directive on the priorities as we progress through the budget process. Please don't hesitate to reach out if you have any questions or need further information.

Sincerely,

Brandy Madrigga
Cass County Finance Director

SUGGESTED MOTION: Move to approve the budget calendar and commission directives, as presented by the Cass County Finance Department, for the preparation and approval of the 2026 Cass County Budget.

Budget Calendar

May 15, 2025	The budgets will be opened for Departments to begin entering their budgets.
June 30, 2025	Budget requests and work plans from each department are due in the Finance Office. Departments should review their budgets and work plans with their portfolio commissioner prior to submitting them to the Finance Office.
June 30, 2025	Memo to the commission and related schedules explaining any major changes from last year's budget are due from Department Heads.
July 23-25, 2025	The County Commission will review the budgets with department heads and outside agencies.
August 4, 2025	The Commission approves the preliminary budget. The Commission must also set the time and place for the budget hearing which must be held between September 7 th and October 7 th .
August 11, 2025	Preliminary budgets must be filed with the Finance Office by all local governments.
August 29, 2025	County must mail Estimated Tax Statements.
Sept. 7, 2025	Earliest date local governments may hold their budget hearing.
Sept. 15, 2025	Cass County's Formal Hearing on the budget and approve tax levy.
October 1, 2025	The Commission must approve the tax levy to support the budget no later than October 1, 2023 (per home rule charter).
October 10, 2025	The Final date for local governments to amend their budget and tax levy and submit to the finance office.

2025

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JUN-25						
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