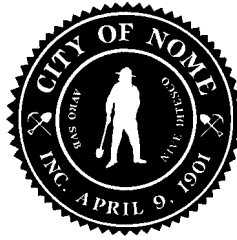


Mayor
John K. Handeland

Manager
Lee Smith

Clerk
Dan Grimmer



Nome Common Council
Mark Johnson
Doug Johnson
Adam Martinson
Scot Henderson
Cameron Piscoya
Kohren Green

102 Division St. • P.O. Box 281
Nome, Alaska 99762
(907) 443-6663
Fax (907) 443-5349

MEMORANDUM

Date: June 20, 2025
To: Lee Smith, City Manager
From: Nickie Crowe, Finance Director
Subject: FY26 Budget Options to Address Nome Public Schools Financial Needs

Due to a reduction in State funding, Nome Public Schools is requesting additional funding from the City in the amount of \$315,000 for a total contribution of \$3,015,000.

F26 Budget Options to Address School Financial Needs:

Option 1 – Increase the Fund Balance Appropriation from \$230,543.20 to \$545,543.20.

Impact: The City is still facing unknowns in the F26 budgeted revenue. The City is already dealing with reduced reserves. Further increasing the Fund Balance Appropriation is not recommended.

Option 2 – Increase the “Transfer Out” of the School Bond Fund to the General Fund from \$500,000 to \$815,000.

Impact: The school bond fund checking balance is \$1,255,697. This transfer out will leave a balance of \$440,697 available for debt service. Debt Service payments for F26 – F29 are \$291,500 with a potential State reimbursement of \$59,228 equals \$232,272 in debt service. With the transfer out and debt service activity, the school bond fund checking would have approximately \$208,425 remaining after debt service is paid in full. This fund also pays for projects under Fund 15 School Capital Projects. Funds would be limited.

Option 3 – Increase Sales Tax from 5% to 6.5%

Impact: The current F26 budget has a 6% sales tax starting 1/1/26 built in. Increasing to a 6.5% sales tax starting 1/1/26 could provide an additional \$283,000 in General Sales Tax Revenue and \$36,500 in Alaska Remote Sellers Sales Tax, totaling a projected \$319,500.

Option 4 – Increase the “Transfer Out” of the School Bond fund to the General Fund from \$500,000 to \$657,500; this is an increase of \$157,500 / 50% of the School’s Financial need. The school could look into increasing their transfer from the school’s apartment fund.

Impact: After this transfer and paying debt service through F29; the school bond fund checking would have approximately \$365,925.