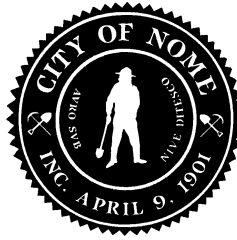


Mayor
John K. Handeland

Interim City Manager
Brooks Chandler

City Clerk
Dan Grimmer



Nome Common Council
Mark Johnson
Adam Martinson
Scot Henderson
Cameron Piscoya
Maggie Miller
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MEMORANDUM

Date: December 5, 2024
To: Brooks Chandler, Interim City Manager
From: Nickie Crowe, Finance Director
Subject: FY26 Quarterly Budget Process

In recent Council meetings there has been an interest in quarterly budgeting. I've contacted Caselle and inquired on the budget capabilities of our current accounting software. I've been able to confirm that quarterly budgeting is an option.

Quarterly budgeting will change our current budget process. Budget templates will need to be updated to show department heads their spending trend. Each individual GL account will need to be analyzed to provide a spending pattern by quarter. We cannot just take a line item total and divide by four. The initial set up will take Finance additional time. We normally start our budget process in late January / Early February. Finance will need to begin building these templates NOW in order to have them ready by early February for department head review/additions/changes.

Another major component of the budget are the annual payroll calculations. In my estimate, it normally takes about 40 hours to build the projected annual payroll budget. Calculations will now need to be modified by quarter, which includes how many working days in a quarter multiplied by how many hours worked in a day and then multiplied by hourly pay rates, as well as paying attention to upcoming anniversary dates and where those increases fall in the quarter. These calculations are done for each employee individually. My best estimate is this will now take 80-120 hours. This process will also need to start sooner than normal.

Department heads also need to be updated on how quarterly budgeting changes their spending process. Do quarterly budgets represent hard limits for spending? Are quarterly budgets to be used as a guide for spending, however purchase order approvals are still based on annual budget available? If revenue is not meeting quarterly projections, do we need to set up a new process for limiting spending or do we continue to balance each quarter with a transfer from Fund Balance/savings? I'm sure more questions will arise as we go through this process.

The Finance department has a very small staff with limited time due to an already heavy workload. I would request that this budget process change start in FY26 with the General Fund only.