



## City of Homer

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## Office of the City Manager

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### Memorandum 20-202

TO: Mayor Castner and Homer City Council  
FROM: Rob Dumouchel, City Manager  
DATE: December 10, 2020  
SUBJECT: Fiscal Year Transition

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The passage of Resolution 20-112 directed staff to work towards changing the City's fiscal year from a calendar year to a July 1 – June 30 fiscal year. We have leaned into that task. While the transition is expected to have some challenges, I believe it has long term benefits for the organization. I am hoping to identify and fix/improve a number of longstanding issues through the fiscal year and FY 22/23 budget process.

A great deal of effort has been put forth by the Finance Department as well as the rest of the leadership team to set this project up for success. We have engaged in issue-spotting, planning, and a full mid-biennium budget review to account for a truncated FY21. This was all packed into about six weeks.

One issue which has consistently been brought up in Council discussions on this topic, is a desire to ensure Finance has the resources it needs to complete the switch successfully. Outside of a quote from our finance software provider (~\$9100 for Caselle), it has proven difficult to put a specific number on what the fiscal year change will cost. Although FY21 is planned to be truncated to six months, we are not proposing any reductions to the overtime and professional services line items in the Finance Department's budget. We are also taking forward the full budget for auditing services. We believe these actions will allow us to accommodate the fiscal year change project.

Some Councilmembers have communicated a hesitation to move forward with this change on the currently proposed timeline. That is a fair concern. It is a significant change and an aggressive timeline. I believe we have the capacity to do the work and this is an opportune time to make changes to already disrupted systems, but it will require cooperation from Council.

**My request in moving forward with this change, is that Council will be mindful of the demands they make upon our Finance Department while the switch is underway.** I will very likely be in a position which requires me to ask Council to delay requests because we lack the capacity. The fiscal year, matched with CARES Act follow up, and general Department business will be a significant undertaking for our crew.

If Ordinance 20-89 and Resolution 20-119 are both approved on December 14<sup>th</sup>, we are prepared to execute the required changes with the support of the Council.