



CITY OF IOWA CITY COUNCIL ACTION REPORT

September 16, 2025

A resolution amending the current budget for the fiscal year ending June 30, 2026.

Prepared By: Nicole Davies, Finance Director
Reviewed By: Geoff Fruin, City Manager
Fiscal Impact: FY26 budget revisions are funded through new revenues or available fund balance.
Staff Recommendation: Approval
Commission Recommendations: N/A
Attachments: [Notice of Public Hearing](#)
[FY26 Budget Amendment #1](#)
[Resolution](#)

Executive Summary:

The Finance Department requests the City Council to set a public hearing for consideration of amending the fiscal year 2026 annual budget on September 16, 2025. This is the first budget amendment for fiscal year 2026.

Background / Analysis:

Budget amendments are submitted to the Finance Department and reviewed for approval by the Finance Director and City Manager. Requests to carry appropriations over from one year to the next are also submitted and approved in the same manner. A formal recommendation for a budget amendment is then prepared for City Council approval.

The State of Iowa allows cities to amend the annual operating budget for supplemental appropriation authority. These changes may include new or revised revenue and expenditure projections, transfers between funds, and capital improvement plan changes.

Increased expenditures must utilize available fund balance or additional revenue sources, as the State does not allow amendments to increase property taxes. According to the City's financial policies, amendments to operating budgets will be made only in the following situations:

- emergency situations
- transfer from contingency
- expenditures with offsetting revenues or fund balance
- carry-over of prior year budget authority for expenses that had not been paid as of the end of the fiscal year.

This proposed budget amendment increases overall revenues and transfers-in by \$75,268,400, as shown on Line 15 of the attached notice (see Revenues & Other Financing

Sources, lines 1-15). The majority of the increase of revenues being amended is for intergovernmental revenues, transfers in, and other financing sources. Intergovernmental revenues (line 9) are being increased by \$18,869,400, which primarily represents State and Federal grants on capital projects and HOME/CDBG and Pro Housing grant revenues that are being carried forward from the prior year. Other Financing Sources (line 13) is being amended by \$33,472,800, which primarily represents loan funding for wastewater projects. Transfers in (line 14) are being amended by \$22,770,000 for capital improvement projects.

The section entitled Expenditures & Other Financial Uses (lines 16-28) provides for an increase in appropriations of \$156,431,600. The majority of the increase in appropriations is for the Business Type/Enterprise program (line 25) and totals \$69,722,300. The increase in this program primarily reflects the carry forward of utility fund capital improvement projects from prior years. The next largest increase in appropriations is related to governmental capital improvement projects that are being carry forward from prior years (line 23) and total \$51,218,100. The last significant increase is for the Community and Economic Development program (line 20) and totals \$11,070,000. This primarily reflects the carry forward of appropriations for the ARPA funding received, as well as, CDBG/HOME programs, Pro Housing Grant and the South District home program.

The net budgeted result to fund balances is a reduction of \$81,163,200 (line 29). This reduction will be covered through excess fund balances and bond funds and will not affect property tax revenues or levies. The Notice of Public Hearing for the first budget amendment of fiscal year 2026 is attached to this memo along with a detailed list of the individual amendments.