



CITY OF IOWA CITY COUNCIL ACTION REPORT

April 1, 2025

Resolution setting public hearing on amending the Fiscal Year 2025 Operating Budget.

Prepared By:	Nicole Davies, Finance Director
Reviewed By:	Geoff Fruin, City Manager
Fiscal Impact:	See attached Notice of Public Hearing Amended FY25 Budget
Staff Recommendation:	Approval
Commission Recommendations:	N/A
Attachments:	Notice of Public Hearing Amended FY25 Budget Resolution

Executive Summary:

On April 15, 2025, two public hearings are being scheduled: one hearing will be held to take public input on the proposed amendment of the fiscal year 2025 (FY2025) budget, and one hearing will be held to take public input on the proposed fiscal year 2026 (FY2026) budget. Following the first public hearing, a resolution to amend the FY2025 Operating Budget will be considered. Following the second public hearing, a resolution to adopt the FY2026 Operating Budget and a resolution to approve the FY2025 - 2027 Financial Plan and 2025 - 2029 Capital Improvement Plan document will be considered. The FY2026 adopted budget must be certified by the Johnson County Auditor's office by April 30, 2025.

Background / Analysis:

The FY2025 - 2027 Financial Plan and 2025 - 2029 Capital Improvement Plan document was made available to City Council and the general public in January 2025. This document included the proposed FY2025 amended budget and the proposed FY2026 budget. This document detailed the proposed and amended budgets as submitted by the City Manager following an extensive budget process.

The City Council held public work sessions in January and February 2025 to review and discuss the FY2025 - 2027 Financial Plan and 2025 - 2029 Capital Improvement Plan document. During these budget work sessions, the City Manager and the department directors presented their budget proposals and responded to questions from the City Council. The City Council also clarified and refined their budget priorities during these work sessions.

The Resolutions to Amend the FY2025 Budget and to Adopt the FY2026 Budget and related schedules represent the programs and details that were included in the FY2025 - 2027 Financial Plan and 2025 - 2029 Capital Improvement Plan document. The Resolutions and related schedules also include any subsequent changes as directed by the City Council as well as corrections and adjustments identified by City staff. The related schedules for the

FY2025 Amended Budget and the FY2026 Budget will be made available to the public on April 1, 2025 and the Notices of Public Hearing for both will be published on April 3, 2025, in accordance with state law to allow for public input.

Fiscal Year 2025 Revised Budget

The FY2025 budget amendment presented for City Council approval is the second budget amendment of FY2025. This amendment incorporates all of the programs, changes, and updates presented in the financial plan and capital improvement plan document that was distributed to the City Council and the general public on January 8, 2025.

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.

Since the distribution of the plan document, one correction was made by City staff to the amended FY2025 budget. The correction was a transfer in of \$100,000 to the Capital Projects Fund and a transfer out of \$100,000 from the Road Use Tax Fund for funding that was missed in the initial draft.

The proposed budget amendment to the City's FY2025 budget does not increase property taxes or change the property tax levy rate and expenditures are funded from increased revenues or available fund balance.