

IOWA CITY COMMUNITY SCHOOL DISTRICT

DISTRICT FINANCIAL UPDATE

Financial Oversight Committee Meeting
FEBRUARY 10, 2026



**IOWA CITY COMMUNITY
SCHOOL DISTRICT**

All In for All Kids

Areas of Focus

Tonight we focus on three areas related to the Interfund Loan Transfer approved at the January 27, 2026 Meeting

Cash Flow

1

**Unspent
Authorized
Balance (UAB)**

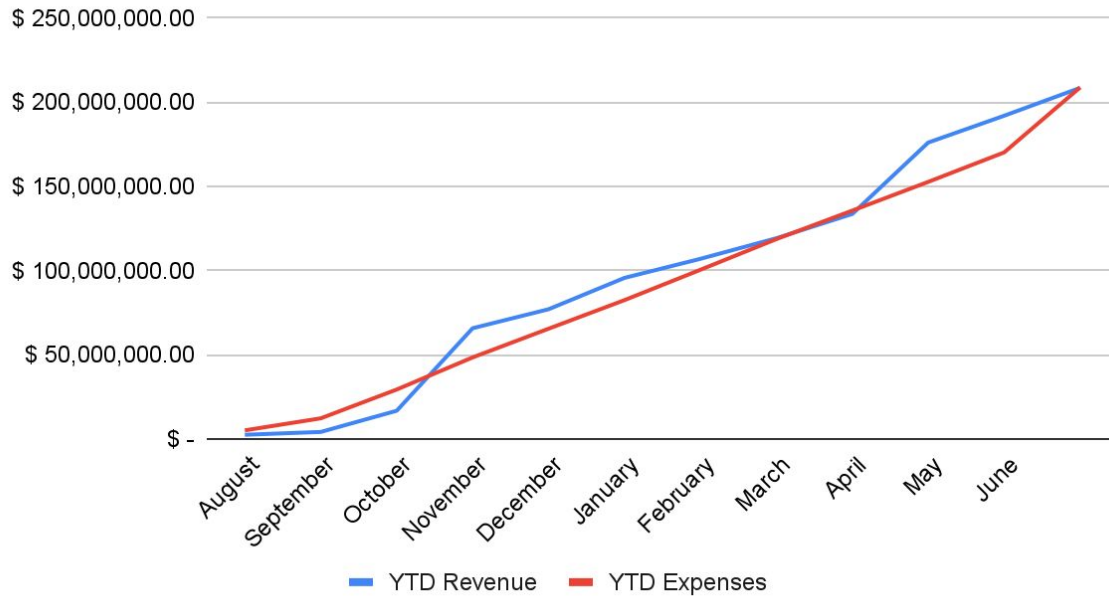
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**Fiscal
Philosophy
Moving
Forward**

3

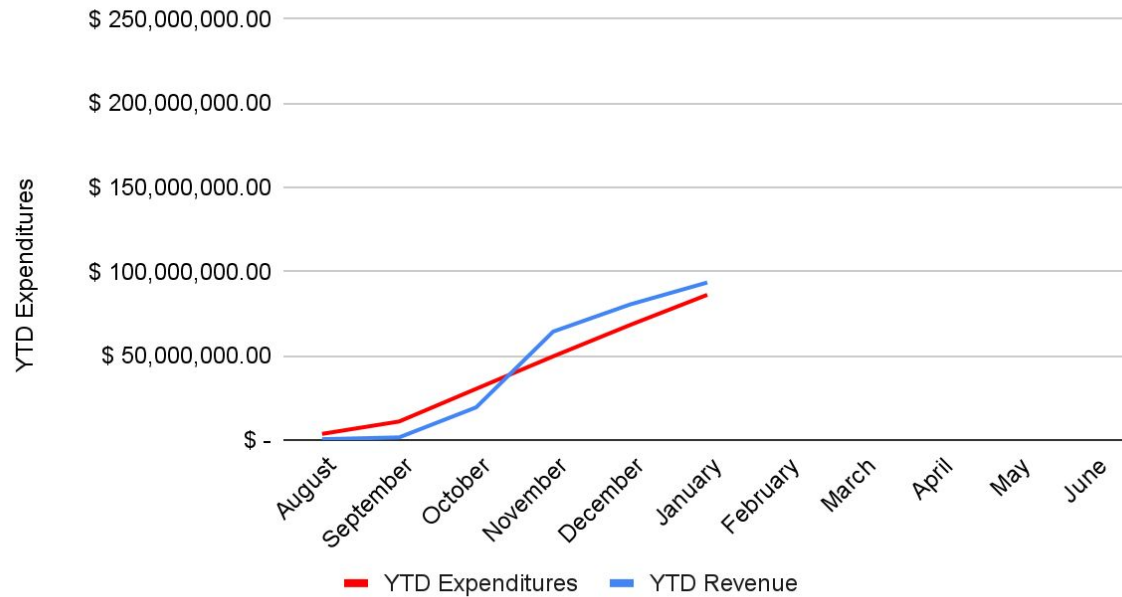
Cash Flow

FY25 Revenue vs. Expenditures



Cash Flow

FY26 Revenue vs. Expenditures



Cash Flow

- Local property tax payments received in October and April comprise roughly \$90 million in revenue.
- State aid payments of approximately \$10 million per month are received September-June.
- Other revenues are variable month to month.
- Will need a short term solution (loan) for March and a longer term solution for FY 27.
- Spending authority often lags at least one fiscal year behind cash flow.
 - Example: Special Education Deficit cash is spent in FY25, authority is granted in FY26 (retroactive to FY25), and levy ability is FY27.

What is Unspent Authorized Budget?

- Unspent authorized budget is spending authority that a school district is legally allowed to use but has not yet been spent.
- Think of it as permission to spend, not cash.
- District's authorized budget is set each year under Iowa law and limits how much money the district may spend from certain funds (mainly the General Fund)
- Driven primarily by:
 - Regular Program District Cost
 - Additional levies
 - State Aid
 - Other allowed adjustments (Modified Supplemental Amounts, etc)
- Authorized budget is a legal spending cap, not a reflection of how much money is left in the bank.

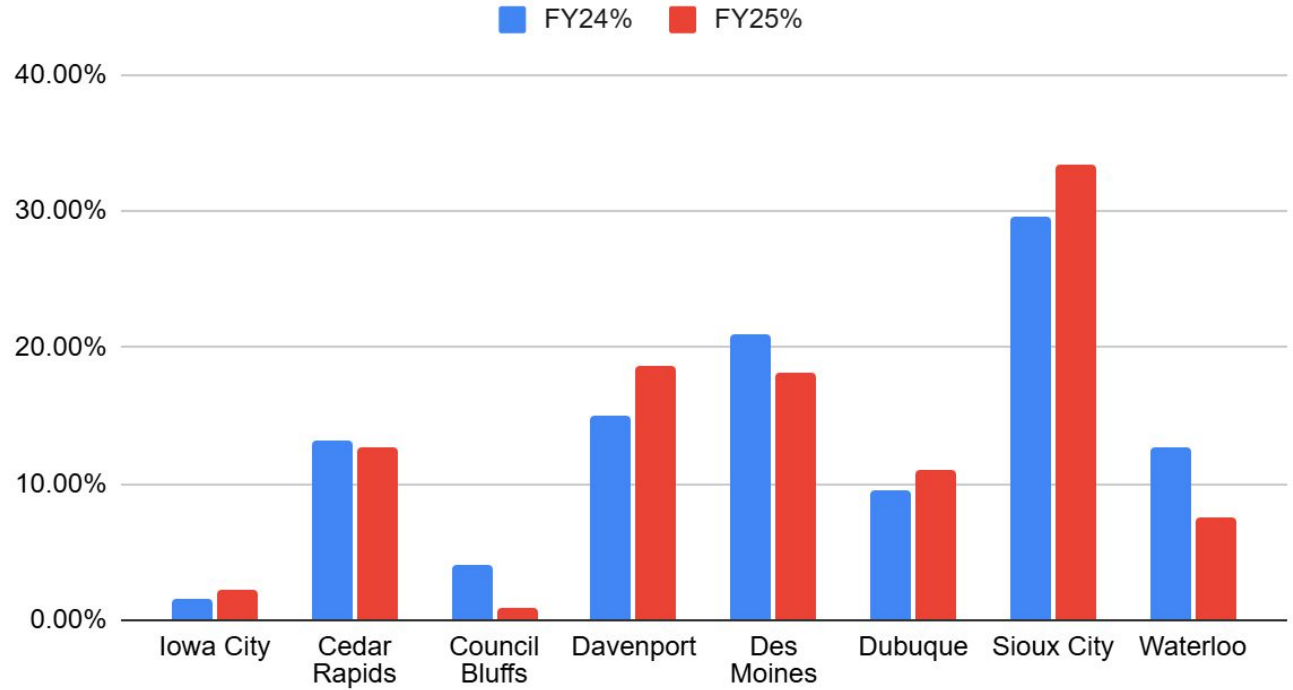
What is Unspent Authorized Budget?

- Equation:
 - Unspent Authorized Budget = Authorized Budget - Actual expenditures (to date)
 - If a district's authorized budget is \$10 million and they spend \$9.2 million, then the unspent authorized budget is \$800,000.
 - The \$800,000:
 - Carries forward into future years.
 - Does not expire
 - Can be used later when spending authority is tight.

What is Unspent Authorized Budget?

- What unspent authorized budget is NOT:
 - Cash
 - Fund Balance
 - Savings in a bank account
 - Automatically spendable without money
- You still need actual resources (cash, fund balance, revenues) to spend it.

UAB Percentage of Max Auth Budget



Payroll Costs

Payroll	FY25 Cash Total	FY26 Cash Total	Percent Increase
July	\$ 10,822,460.46	\$ 11,759,153.76	8.66%
August	\$ 11,174,545.60	\$ 12,122,331.04	8.48%
September	\$ 14,975,265.44	\$ 16,387,219.11	9.43%
October	\$ 15,402,178.66	\$ 16,922,278.96	9.87%
November	\$ 15,795,420.49	\$ 16,948,161.69	7.30%
December	\$ 15,068,503.27	\$ 16,668,228.49	10.62%
January	\$ 14,847,720.16	\$ 16,128,195.53	8.62%
February	\$ 15,595,874.60	\$ 16,999,503.31	9.00%
March	\$ 15,416,238.45	\$ 16,803,699.91	9.00%
April	\$ 15,205,015.03	\$ 16,573,466.38	9.00%
May	\$ 15,906,357.00	\$ 17,337,929.13	9.00%
June	\$ 18,125,547.88	\$ 19,756,847.19	9.00%
			Average Payroll Cash Increase
			9.00%
Total Cash Payroll	\$ 178,335,127.04	\$ 194,407,014.51	
Less Nutrition Services	\$ 4,616,158.06	\$ 5,031,612.29	
General Fund Payroll Total	\$ 173,718,968.98	\$ 189,375,402.22	
<i>Italics = Projection</i>			

Payroll Costs

Contract Group	2025	2026	Increase	Percent Increase
Building Sub	\$1,424,863.44	\$1,467,372.56	\$42,509.12	2.98%
Nutrition Services	\$1,950,935.03	\$2,149,558.93	\$198,623.90	10.18%
Paraeducators	\$10,617,104.71	\$12,920,647.88	\$2,303,543.17	21.70%
School Year Hourly	\$421,472.65	\$499,157.53	\$77,684.88	18.43%
Secretaries	\$2,234,477.95	\$2,660,013.02	\$425,535.07	19.04%
Service Employees	\$8,745,234.48	\$9,190,540.66	\$445,306.18	5.09%
Support Staff Salary	\$13,003,747.64	\$15,355,797.34	\$2,352,049.70	18.09%
Teachers	\$89,052,183.40	\$93,559,418.35	\$4,507,234.95	5.06%
Year Round Admin	\$9,150,969.97	\$9,406,823.68	\$255,853.71	2.80%
	\$136,600,989.27	\$147,209,329.95	\$10,608,340.68	7.77%

Source: Vista Iowa HR Management System

Payroll Increases

Teachers

- Negotiations accounted for approximately \$3.2 million
- 14 additional preschool teachers
 - Portion of salary and benefits charged to special education
- 11.5 teachers were added for elementary class size support, middle school math support, and additional teachers at Liberty High School

Paraeducators

- In negotiations we added the \$2 per hour complex case differential
- The salary increases were calculated off of 550 paraeducators from picture day data, not the over 600 current paraeducators in the system now
- Special education preschool paraprofessionals have increased by over 40 positions

Payroll Increases

Secretaries

- Increase was due to accounting for previous experience in each secretaries' compensation

Year Round Support Staff

- Staffing increases, primarily in categorically funded areas
 - Special Education: Behavior Interventions (BIs), Lead Support Teachers
 - Dropout Prevention / General Fund: Engagement & Intervention Strategists (EIS)
 - District Office Staff

Object Codes

	FY25 Jan Expenses To Date	FY26 Jan Expenses To Date	Expenses To Date % Increase	FY26 Percent of Total Expenditures	Description
100s	\$ 64,365,468.35	\$ 70,214,488.89	9.09%	66.93%	100s Personal Services - Salaries
200s	\$ 19,291,685.72	\$ 20,400,577.76	5.75%	19.44%	200s Personal Services - Employee Benefits
300s	\$ 1,836,195.43	\$ 1,557,134.10	-15.20%	1.48%	300s Purchased Professional and Technical Services not from another AEA or LEA
400s	\$ 1,019,278.51	\$ 666,652.60	-34.60%	0.64%	400s Purchased Property Services (Utilities/Repairs & Maintenance)
500s	\$ 4,065,367.34	\$ 3,531,427.98	-13.13%	3.37%	500s Other Purchased Services (Transp., Communications, Open Enroll.)
600s	\$ 5,926,664.15	\$ 5,794,221.36	-2.23%	5.52%	600s Supplies
700s	\$ 611,253.64	\$ 506,266.00	-17.18%	0.48%	700s Property
800s	\$ 53,518.35	\$ 217,467.55	306.34%	0.21%	800s Debt Service
900s	\$ 3,423,226.35	\$ 2,026,126.51	-40.81%	1.93%	900s Other Items (AEA, Transfers, Indirect Costs)
Totals	\$ 100,592,657.84	\$ 104,914,362.75			

	Description
100s	Personal Services - Salaries
200s	Personal Services - Employee Benefits
300s	Purchased Professional and Technical Services not from another AEA or LEA
400s	Purchased Property Services (Utilities/Repairs & Maintenance)
500s	Other Purchased Services (Transportation, Insurance, Communications, Advertising)
600s	Supplies
700s	Property
800s	Debt Service
900s	Other Items (AEA, Transfers, Indirect Costs)

Projected FY26 Expenditures

	2% growth on FY25 300s-900s
Maximum Authorized Budget (est.)	\$ 227,166,241.00
Projected General Fund Salary & Benefit Costs (100s & 200s)	\$ 189,375,402.22
300s	\$ 4,641,815.19
400s	\$ 1,570,713.71
500s	\$ 9,931,987.78
600s	\$ 9,816,248.33
700s	\$ 1,698,191.99
800s	\$ 563,148.53
900s	\$ 6,367,111.10
Projected FY26 General Fund Expenditures	\$ 223,964,618.84
Projected Unspent Authorized Budget FY26	\$ 3,201,622.16

	Description
100s	Personal Services - Salaries
200s	Personal Services - Employee Benefits
300s	Purchased Professional and Technical Services not from another AEA or LEA
400s	Purchased Property Services (Utilities/Repairs & Maintenance)
500s	Other Purchased Services (Transportation, Insurance, Communications, Advertising)
600s	Supplies
700s	Property
800s	Debt Service
900s	Other Items (AEA, Transfers, Indirect Costs)

Projecting UAB and Necessary Assumptions

UAB

Iowa City		Unspent Authorized Budget Report							Iowa Department of Management	1/4/2026
3141		(Line 32 = Legal Limit on General Fund Spending)								
		Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Actual FY 2024	Estimated FY 2025	Estimated FY 2026	
1	Regular Program District Cost	95,804,730	98,380,795	102,700,637	103,229,023	106,710,135	110,247,873	112,527,706	116,230,193	
2	Regular Program Budget Adjustment	0	0	0	498,620	0	0	0	0	
3	Supplementary Weighting District Cost	2,567,277	2,706,928	2,757,255	2,696,574	2,997,328	3,278,507	3,499,584	3,945,904	
4	Special Ed District Cost	9,195,027	9,606,539	10,268,725	10,418,877	11,214,016	12,094,909	12,368,367	13,202,806	
5	Teacher Salary Supplement District Cost	7,919,507	8,139,022	8,500,780	8,540,427	8,830,037	9,132,885	10,382,762	11,174,735	
6	Prof Dev Supplement District Cost	978,776	1,004,093	1,046,678	1,049,574	1,083,080	1,117,641	1,176,839	1,237,687	
7	Early Intervention Suppl District Cost	1,003,763	1,030,948	1,076,113	1,080,427	1,116,332	1,153,740	1,216,487	1,280,746	
8	Teacher Leadership Suppl District Cost	4,635,484	4,760,191	4,967,313	4,986,046	5,150,531	5,321,499	5,609,326	5,904,030	
9	AEA Special Ed Support	4,588,994	4,719,801	4,935,998	4,959,181	5,142,339	5,335,652	5,447,167	5,641,386	
10	AEA Special Ed Support Adjustment	0	0	0	0	0	0	0	0	
11	AEA Media Services	836,073	858,046	886,305	906,045	938,503	967,769	997,380	1,034,222	
12	AEA Educational Services	918,511	942,614	973,857	995,604	1,031,498	1,063,830	1,096,633	1,137,357	
13	AEA Sharing District Cost	0	0	0	0	6,142	6,173	6,171	6,270	
14	AEA Teacher Salary Suppl District Cost	429,615	442,800	464,027	467,203	485,505	505,075	516,756	536,009	
15	AEA Prof Dev Suppl District Cost	50,104	51,587	54,016	54,410	56,473	58,808	0	0	
16	SBRC Modified Suppl Amt Dropout Prev	4,742,675	4,461,313	4,920,051	4,950,347	5,166,956	5,352,112	5,416,581	5,688,650	
17	SBRC Modified Suppl Amt Other #1	2,366,093	2,799,172	3,306,247	4,760,214	3,639,385	6,030,671	4,871,100	0	
18	SBRC Modified Suppl Amt Other #2	971,981	2,346,538	877,681	1,252,800	951,426	996,043	1,925,039	1,306,458	
19	Special Ed Deficit Modified Suppl Amt	8,714,434	8,662,181	9,830,075	9,968,520	10,623,841	10,984,784	18,373,455	0	
20	Special Ed Positive Balance Reduction	0	0	0	0	0	0	0	0	
21	AEA Special Ed Positive Balance	0	0	0	0	0	0	0	0	
22	Allowance for Construction Projects	0	0	0	0	0	0	0	0	
23	SBRC Unspent Modified Suppl Amt	0	0	0	0	0	0	0	0	
24	Enrollment Audit Adjustment	-48,097	-24,698	-12,355	-88,119	-1,590	-35,872	-2,450	-53,115	
25	AEA Prorata Reduction	-485,100	-485,100	485,100	485,100	541,573	637,927	939,311	957,862	
26	Maximum District Cost	145,189,847	150,402,770	157,068,303	160,240,673	164,600,364	172,974,172	184,489,592	167,315,476	
27	Preschool Foundation Aid	1,673,896	1,726,880	1,969,916	1,488,852	1,929,413	1,756,494	1,643,555	1,976,949	
28	Instructional Support Authority	7,658,630	7,832,095	8,179,079	8,260,869	8,409,826	8,645,638	8,769,284	9,000,866	
29	Ed Improvement Authority	0	0	0	0	0	0	0	0	
30	Other Miscellaneous Income	12,509,053	11,657,875	19,699,856	29,517,459	31,601,951	20,591,198	19,672,327	0	
31	Unspent Auth Budget - Previous Year	9,442,659	3,828,094	2,048,574	3,167,626	239,935	-2,505,057	3,304,215	5,031,593	
32	Maximum Authorized Budget	176,474,085	175,447,714	188,965,728	202,675,479	206,781,489	201,462,445	217,878,733	183,324,884	
33	Expenditures	172,645,991	173,399,140	185,798,102	202,435,544	209,286,546	198,158,230	212,847,380	0	
34	Unspent Authorized Budget	3,828,094	2,048,574	3,167,626	239,935	-2,505,057	3,304,215	5,031,593		

LINK

UAB

Projecting UAB and Necessary Assumptions

		Actual FY 2021	Actual FY 2022	Actual FY 2023	Actual FY 2024	Estimated FY 2025	Estimated FY 2026
17 SBRC Modified Suppl Amt Other #1	+	3,306,247	4,760,214	3,639,385	6,030,671	4,871,100	4,871,100
18 SBRC Modified Suppl Amt Other #2	+	877,681	1,252,800	951,426	996,043	1,925,039	1,306,458
19 Special Ed Deficit Modified Suppl Amt	+	9,830,075	9,968,520	10,623,841	10,984,784	18,373,455	18,373,455
20 Special Ed Positive Balance Reduction	-	0	0	0	0	0	0
21 AEA Special Ed Positive Balance	-	0	0	0	0	0	0
22 Allowance for Construction Projects	+	0	0	0	0	0	0
23 SBRC Unspent Modified Suppl Amt	-	0	0	0	0	0	0
24 Enrollment Audit Adjustment	+	-12,355	-88,119	-1,590	-35,872	-2,450	-53,115
25 AEA Prorata Reduction	-	485,100	485,100	541,573	637,927	939,311	957,862
26 Maximum District Cost	=	57,068,303	160,240,673	164,600,364	172,974,172	184,489,592	190,560,031
27 Preschool Foundation Aid	+	1,969,916	1,488,852	1,929,413	1,756,494	1,643,555	1,976,949
28 Instructional Support Authority	+	8,179,079	8,260,869	8,409,826	8,645,638	8,769,284	9,000,866
29 Ed Improvement Authority	+	0	0	0	0	0	0
30 Other Miscellaneous Income	+	19,699,856	29,517,459	31,601,951	20,591,198	19,672,327	19,672,327
31 Unspent Auth Budget - Previous Year	+	2,048,574	3,167,626	239,935	-2,505,057	3,304,215	5,031,593
32 Maximum Authorized Budget	=	88,965,728	202,675,479	206,781,489	201,462,445	217,878,973	226,241,766
33 Expenditures	-	85,798,102	202,435,544	209,286,546	198,158,230	212,847,380	223,964,619
34 Unspent Authorized Budget	=	3,167,626	239,935	-2,505,057	3,304,215	5,031,593	2,277,147

Projection: All variables remain at FY25 levels.

Projecting UAB and Necessary Assumptions

UAB

		Actual FY 2021	Actual FY 2022	Actual FY 2023	Actual FY 2024	Estimated FY 2025	Estimated FY 2026
17 SBRC Modified Suppl Amt Other #1	+	3,306,247	4,760,214	3,639,385	6,030,671	4,871,100	5,300,000
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19 Special Ed Deficit Modified Suppl Amt	+	9,830,075	9,968,520	10,623,841	10,984,784	18,373,455	19,000,000
20 Special Ed Positive Balance Reduction	-	0	0	0	0	0	0
21 AEA Special Ed Positive Balance	-	0	0	0	0	0	0
22 Allowance for Construction Projects	+	0	0	0	0	0	0
23 SBRC Unspent Modified Suppl Amt	-	0	0	0	0	0	0
24 Enrollment Audit Adjustment	+	-12,355	-88,119	-1,590	-35,872	-2,450	-53,115
25 AEA Prorata Reduction	-	485,100	485,100	541,573	637,927	939,311	957,862
26 Maximum District Cost	=	57,068,303	160,240,673	164,600,364	172,974,172	184,489,592	191,615,476
27 Preschool Foundation Aid	+	1,969,916	1,488,852	1,929,413	1,756,494	1,643,555	1,976,949
28 Instructional Support Authority	+	8,179,079	8,260,869	8,409,826	8,645,638	8,769,284	9,000,866
29 Ed Improvement Authority	+	0	0	0	0	0	0
30 Other Miscellaneous Income	+	19,699,856	29,517,459	31,601,951	20,591,198	19,672,327	20,000,000
31 Unspent Auth Budget - Previous Year	+	2,048,574	3,167,626	239,935	-2,505,057	3,304,215	5,031,593
32 Maximum Authorized Budget	=	88,965,728	202,675,479	206,781,489	201,462,445	217,878,973	227,624,884
33 Expenditures	-	85,798,102	202,435,544	209,286,546	198,158,230	212,847,380	223,964,619
34 Unspent Authorized Budget	=	3,167,626	239,935	-2,505,057	3,304,215	5,031,593	3,660,265

Projection: Special Education Deficit up to \$19M,
SBRC & Misc Income leveled to average of prior 2
years

Need for a New Normal

- We need to move away from our past (and most current) practice regarding UAB management - spend, cut, spend, cut, spend ...
 - Example is the large cuts we made in FY19, followed by several years of UAB spend down, significant cuts in FY23, followed by a couple of years of spend down
 - Now, as we move toward the end of FY26 and look to FY27 we have opportunity to change the pattern
- Multi-year collaborative approach between the Board, Central Administration, our schools and all members of the school community
- Goal is to provide better financial stability through a larger UAB
 - Allows the District to more efficiently address needs if additional spending is required during a given year
 - Requires a long-term focus on district's finances

Recalibrating Throughout the Spring

- As we move through the spring, we will be closely monitoring expenditures and making spending adjustments - as necessary - in certain areas to ensure we keep costs aligned to or less than FY25 levels.
- Areas that *could* see adjustments
 - Travel
 - Transportation methods
 - Overtime
 - Professional Development days and time out of classroom
 - Substitutes
 - Supply purchases
 - Discretionary spending
 - Department/ School credit card / p-card use
 - Department / School budgeting and expenditures
- Salaries and benefits are set for this year and will not be impacted

Looking Toward FY27

- Several factors will influence our approach to next year's budget
 - SSA
 - Property tax reform
 - Enrollment
 - Approach to cash flow and reserves
 - Board guidance on building our UAB
- We will need to be fiscally vigilant as we monitor revenue projections and make expenditure decisions for next year
 - This could include reductions in certain areas or a shifting of resources from current areas of focus to others in the organization
 - **We plan to bring more detailed options and ideas to the Board during the February 24, 2026 Regular Meeting**
- Negotiations with our employee groups will also take place this spring as part of our regular annual process

QUESTIONS & DISCUSSION