

IOWA CITY COMMUNITY SCHOOL DISTRICT

DISTRICT FINANCIAL UPDATE

Board Work Session
February 17, 2026



**IOWA CITY COMMUNITY
SCHOOL DISTRICT**

All In for All Kids

Scheduled Meetings and Topics

- **Tonight (February 17):**
 - **How We Got Here**
 - **Borrowing Needs**
 - **Immediate Next Steps**
- February 24 - Board Meeting
 - Presentation of preliminary ideas for reducing the FY27 Budget
 - Recommendation for short term borrowing
 - Timeline for operational action plan improvements
- March 3 - Special Board Meeting
 - Further discussion regarding budget reductions for the FY27 Budget
 - Proposed recommendation for reductions
 - Recommendation and action item for short term \$3M loan
- March 10 - Board Meeting
 - Recommended budget reductions for FY27

Tonight's Areas of Focus



Goal: Accountability

Our goal for tonight is to be clear about the urgency of our financial situation and our plan moving forward

- Explain how we got here
- How we are going to fix it

Timeline

To help frame the timing of these issues and how we continue to unpack and address them:

- **August 2025:** Business Office worked with the the bank to transfer \$10M from the health insurance fund to the general fund as an interfund loan to cover September expenses, which was to be reinvested in October after the district received the October property tax receipts.
- **December 2025:** First Quarter Report Includes indication that funds were still in a \$10M CD.
- **January 2026:** The Director of Financial Reporting requested an interest rate for the interfund loan, providing awareness that there was a loan outstanding including the loan's size and scope.
- **January 2026:** The loan was presented to the Board when we had sufficient information.

Understanding how we got here

- Our systems didn't work
 - Reliance on incomplete and inaccurate data
 - Lack of sufficient internal controls (i.e. bank reconciliations, appropriate review of information)
 - Insufficient financial reports
 - Misalignment between the HR and Finance systems - Lack of Position Control
- **As a result our expenses outpaced our projections**

Expenditures Exceeded Projections

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%

Expenditures as FTE

Contract Group	04/30/2025	Current (as 2/13/26)	Change	Percent of Change
Admin	67	66	-1	-0.7%
Building Subtitutes	40	41	1	0.7%
Nutrition Services	117	133	16	10.8%
Paraeducators	565	628	63	42.6%
Secretaries	87	92	5	3.4%
Service Employees	171	174	3	2.0%
Support Staff	227	258	31	20.9%
Teachers	1231	1261	30	20.3%
TOTAL	2505	2653	148	

Expenditures as FTE

Paraprofessionals

- 57 of the 63 additions were in Special Education or Preschool

Support Staff

- 23 of the 31 positions were categorically funded (ie. Special Education, ELL, Dropout Prevention)
 - Positions: Behavior Interventionists (BIs), Transition Services, Professional Development, and Engagement and Intervention Strategists (EIS)

Teachers

- 12 Preschool Teachers
- 11 FTE for class size reductions and programmatic needs
- 6 Special Education Teachers
- 1 Athletic Trainer returned from LOA (Leave of Absence)

*Data Comparison between 4/30/2025 and 2/13/2026 from VISTA HR Software Program

Short-Term Borrowing

Current needs as we understand it today

- **\$3M short-term loan in March 2026**
 - Anticipate current funding will cover March expenses and loan allows to maintain a reserve
 - Repay loan in April 2026
- Extremely limited reserves
- Limiting spending through end of school year

Short-Term Borrowing

		2/13/2026	2/27/2026	3/13/2026	3/31/2026	4/15/2026	4/30/2026
	Opening Cash Position	\$ 19,364,761	\$ 7,127,982	\$ 11,566,751	\$ 5,484,255	\$ 8,723,024	\$ 3,292,070
Revenue Projections	State Aid		\$ 8,928,325		\$ 8,928,325	\$ 8,928,325	
	Local Taxes	\$ 1,300,000		\$ 3,154,283			\$ 28,343,377
	Grants		\$ 1,700,000			\$ 1,700,000	
	Federal Grants			\$ 800,000			\$ 80,000
	Total Income	\$ 1,300,000	\$ 10,628,325	\$ 3,954,283	\$ 8,928,325	\$ 10,628,325	\$ 28,423,377
Expense Projections	Payroll	\$ (12,036,779)	\$ (4,689,556)	\$ (12,036,779)	\$ (4,689,556)	\$ (12,036,779)	\$ (4,689,556)
	General Expense Estimate	\$ (1,500,000)	\$ (1,500,000)	\$ (1,000,000)	\$ (1,000,000)	\$ (1,000,000)	\$ (1,000,000)
	Extraordinary Transactions						
	Debt Service					\$ (3,022,500)	
	Total Expenses	\$ (13,536,779)	\$ (6,189,556)	\$ (13,036,779)	\$ (5,689,556)	\$ (16,059,279)	\$ (5,689,556)
	Net Change in Position	\$ (12,236,779)	\$ 4,438,769	\$ (9,082,496)	\$ 3,238,769	\$ (5,430,954)	\$ 22,733,821
	Closing Cash Position	\$ 7,127,982	\$ 11,566,751	\$ 2,484,255	\$ 8,723,024	\$ 3,292,070	\$ 26,025,891
	Loan			\$ 3,000,000			

Estimated Additional Borrowing

Working with PFM to forecast financial need and make loan recommendation to the Board

- June 2026 - Repay the \$10M loan to the insurance fund
- July 2026 - Additional \$10M shortfall

Budget reductions will need to be done in conjunction with any borrowing as the borrowing is a short term strategy not structural change

- Anticipate follow up about size of cut

Suggested Immediate Next Steps

- Work with external financial experts
 - PFM
 - Interim Chief Financial Officer/School Business Official and/or outside firm
 - Accelerate the accounting work that is not complete
 - Help project the exact budget deficit to borrow for our need
- Development of new system of internal controls
 - Exec team will meet with finance leadership team weekly (already in progress)
 - Develop a better understanding of our financial reports
 - Work on our hiring processes to better understand financial impact of decisions made
- Hire CFO (Chief Financial Officer)
 - School Business Official certification and CPA are posted requirements of position
- Increased oversight by leadership team and board of directors
 - Additional Financial Oversight Committee Meetings added to Board calendar
 - Review structure, charter, and make up of the committee

Longer-Term Process Improvements

- Process changes
 - Review of organizational structures - additional layer(s) of review / oversight
 - Review of reports produced, variety of reports reviewed and how developed
 - Review of policies and procedures related to financial oversight (700s are at P&G in March)
- Development of a position control system
- Recommendations from external experts

Upcoming Discussions

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 - **Recommendation and action item for short term \$3M loan**
- March 10 - Board Meeting
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- Long-term borrowing strategy and recommendation
 - Meeting date is still TBD

QUESTIONS & DISCUSSION

Past Presentations

- February 10, 2026 [Financial Update](#)