

March 24th, 2026

Stephanie Edler
Iowa School Budget Review Committee

RE: Notification and Required Appearance: Update to December 2025 Materials

Dear Ms. Edler,

I write on behalf of the Iowa City Community School District in response to the School Budget Review Committee's notification directing the district to appear at the April 24th, 2026 hearing.

Reason for Appearance

In December 2025, the district appeared before the SBRC regarding the district's use of spending authority related to categorical funding for regular program costs. Since that visit, new information has been uncovered following the departure of the former Chief Financial Officer in early December 2025. The district leadership has been in communication with Iowa Department of Education Bureau Chief Cassandra Cline and Deputy Director John Elkin on February 4th, 2026 and February 16th, 2026 to keep the Department of Education informed on the situation.

From our submission in December, the district's FY25 preliminary calculation showed total categorical restricted balances that exceeded the district's regular program balance, as defined in the SBRC's monitoring framework. Using the Committee's methodology that now considers the preliminary special education deficit when determining appearances, the calculation was shown as follows:

Unspent Authorized Budget (regular program, pre-SPED and pre-EL): -\$18,212,962
Less categorical restricted balances: \$4,745,545
Equals regular program balance: -\$22,958,507
Less special education deficit MSA: -\$18,373,455
Updated regular program balance used for appearance test: -\$4,585,052

Currently, we would not modify the calculations shown above. In the course of accelerating the reconciliation of financial statements, it was brought to our attention that an E-Rate reimbursement was incorrectly deposited to the General Fund rather than the SAVE fund which funded the initial purchases in FY 24 and FY25. The reversal of this miscellaneous income would lower the final unspent balance by \$1,259,191.40.

Matt Degner – Superintendent of Schools

From our submission in December 2025, after the Special Education Modified Supplemental Amount is applied, our unspent balance prior to English Language Excess Costs was calculated to be positive \$160,493. With English Language Excess Cost MSA of \$4,871,100.57, the projected unspent balance is \$5,031,593.57. The appearance is therefore triggered by the categorical-balance test rather than a negative unspent balance.

The district's response to the committee's inquiry in December 2025 focused on the categorical balances and the plan for their use but did not fully address the reasons the regular program district cost was exceeding the allowable spending authority.

Executive Summary of Exhibits

The district submits the following exhibits required for a fiscal update related to the categorical-balance trigger:

1. Cover letter (this document).
2. Locally developed documentation supporting the request:
 - 2a. Narrative of the situation.
 - 2b. Reason the district used authority related to categorical funding for regular program costs, including the plan to correct the imbalance, plan for sustainability, and other contextual factors.
 - 2c. FY27 Budget Reduction Recommendations
 - 2d. February 10th, 2026 Financial Oversight Committee Presentation
 - 2e. February 17th, 2026 Board Work Session Presentation
 - 2f. February 24th, 2026 Budget Reduction Presentation
 - 2g. March 3rd, 2026 Board Meeting Budget Reduction Proposal
 - 2h. March 10th, 2026 Board Meeting Budget Reduction Proposal
 - 2i. March 24th, 2026 Board Meeting Capital Outlay & Anticipated Borrowing Strategy Presentation
 - 2j. Board Audit Resolution
 - 2k. Five-year projection including assumptions, regular program detail, and categorical detail.
3. Board minutes showing action taken in a public meeting approving the exhibits.

Board Policy or Philosophy on Spending Authority

The Iowa City Community School District has board policies regarding fiscal management ([701.5](#)) and financial metrics ([701.5R1](#)).

Board Approval of Exhibits

The Board of Directors approved the related exhibits on March 24, 2026, in a public meeting.

Matt Degner – Superintendent of Schools

District Representation at the Hearing

Matt Degner, Superintendent
Curt Pratt, Chief Operating Officer

Emergency Contact

Curt Pratt, Chief Operating Officer
Office: (319) 688-1000
Cell: (309) 752-3745
Email: pratt.curt@iowacityschools.org

Submission Format

The district provides this letter and all required exhibits in Word format, with PDF copies including signatures where appropriate.

We appreciate the Committee's oversight and welcome the opportunity to discuss the district's fiscal position and plans to maintain a structurally sound spending authority profile while continuing to meet student needs.

Sincerely,

Matt Degner
Superintendent
Iowa City Community School District

Ruthina Malone
President, Board of Directors
Iowa City Community School District

Curt Pratt
Chief Operating Officer
Iowa City Community School District

cc: Kim Colvin, Board Secretary, Iowa City Community School District

Matt Degner – Superintendent of Schools

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