

## Memo

**To:** Board of Education

**Through:** Matt Degner, Superintendent

**From:** Curt Pratt, Chief Operating Officer

**Date:** April 28, 2026

**Subject:** Anticipated Borrowing Need Update

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Below is a collection of information that provides additional insight into the PFM presentation at the Board Meeting on April 28, 2026. This information was provided in response to Board of Directors questions and is not intended to replace any information from the PFM presentation from that meeting.

### Disclaimer

The cash flow information presented in this memo has been prepared on a cash basis and reflects actual cash receipts and disbursements during the period reviewed. As a result, the figures may differ from amounts reported in the District's quarterly financial statements, which are prepared on an accrual accounting basis in accordance with generally accepted accounting principles (GAAP). Accrual-based financial reports recognize revenues when earned and expenses when incurred, regardless of the timing of cash transactions. Therefore, timing differences related to receivables, payables, deferred revenues, and other accruals may cause variances between these figures and the quarterly financial reports.

### Projected Revenue Increases

The following table compares the school district's projected revenues from tax sources and other miscellaneous income for January through March with the actual amounts received. While the projections provided an estimate for cash flow purposes, actual revenues exceeded expectations in each of these months. This favorable variance reflects stronger-than-anticipated collections and additional income, supporting the district's financial position for the remainder of the fiscal year.

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Month	Projected Revenue & Category	Actual Revenue & Category	Comments
January 2026	\$121,611 (Other Sources)	\$1,001,494 (Other Sources)	<p>Increased funding from the State of Iowa for Federal Grants &amp; State Categoricals (EL, McKinney Vento, IDEA, Title Funds) = +\$637,604.54</p> <p>The remaining is miscellaneous income, varying from open enrollment or other local sources.</p> <p>Difference in Projection vs. Actual = +\$819,842</p>
February 2026	\$1,279,133 (Other Sources)	\$4,173,236.35 (Other Sources)	<p>Income Surtax Payment = +\$1,831,521.29</p> <p>Multiple Open Enrollment Checks from Districts (Highlights below): CCA: +\$670,981.92 Mid-Prairie: +\$56,416.32 Cedar Rapids: +\$38,107.50</p> <p>Increased funding from the State of Iowa for Federal Grants &amp; State Categoricals (EL, McKinney Vento, IDEA, Title Funds) = +1,045,491.36</p> <p>The remaining is miscellaneous income, varying from open enrollment or other local sources</p> <p>Total listed in comments: +\$3,642,518.39</p> <p>Difference in Projection vs. Actual = +\$2,894,103.35</p>
March 2026	\$1,333,325 (Other Sources)	\$2,496,827.82 (Other Sources)	<p>Medicare Claims Payment: +\$1,782,131.47</p> <p>Multiple Open Enrollment Checks from Districts (Highlights Below): West Branch: +\$152,535.40 Solon: +\$117,293.12 College Community: +\$70,248.29</p> <p>The remaining is miscellaneous income, varying from open enrollment or other local sources</p>

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			Total listed in comments: +\$2,122,208.28 Difference in Projection vs. Actual = +\$1,163,502.82
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### Projected Expenses

The following table presents the school district's projected expenses for March of 2026 compared with the actual amounts incurred. This favorable variance indicates that expenditures were managed below projected levels.

Month	Projected Expense & Category	Actual Expense & Category	Comments
March 2026	\$3,792,512.41	\$1,998,466.56	Significant Expenses: AEA Flowthrough: \$421,517.20 Transportation: \$378,764.59 Electrical Utility: \$395,993.47 General Education Misc. Expenses: \$140,810.22 Special Education Misc. Expenses: \$327,512.69 Difference of Projected vs. Actual: (\$1,794,045.85)

### Sale of 1725 N. Dodge Street

The district has not yet closed on the sale of 1725 N. Dodge St, so the increased revenues the district has experienced were not due to any property sales. If this sale does not come to fruition, the district could face a larger challenge in meeting obligations in September 2026.

### Reliability of Projections

These projections utilized transaction data from Midwest One and ISJIT accounts to verify revenues and ensure proper allocation between funds. Expenses were tracked utilizing the district accounting software.

### SAVE Repayment to General Fund

Current projections for SAVE revenue from 6/2026 through 10/2026 show approximately \$8.1 million in revenue that would be available to pay back the General Fund. The SAVE fund will have a December 1, 2026

## Matt Degner - Superintendent of Schools

interest payment of \$2,353,409.00, which may require an additional interfund transfer of \$2.5 million in October of 2026.

If the district opts to utilize interfund borrowing from the General fund to the SAVE fund, the SAVE fund will owe the General fund interest for this temporary borrowing in the amounts projected below.

Assuming a 4% interest rate:

- \$7.3 Million: \$439,000 (annual rate) / \$96,700 for 4 months
- \$2.5 Million: \$137,500 (annual rate)

The SAVE fund must repay the General Fund by October 1, 2026.

### **Insurance Fund Loan to General Fund**

Option 1 of the PFM presentation recommends postponing the repayment of the interfund loan from the Health Insurance fund until after June 30, 2026, to maintain liquidity in the General Fund. Waiting until after the close of the fiscal year would result in a note/finding in our FY26 audit.

### **Budget Growth**

The FY27 budget is targeted to grow 2% in expenses. The district has provided PFM with the recommended budget reductions and anticipated staff salary increases for inclusion in their projection models.

### **\$3M Anticipatory Warrant**

As stated to the Board on March 24, 2026, the \$3 million anticipatory warrant was not drawn upon; therefore, there were no interest or principal costs associated with this. Costs associated with this Anticipatory warrant included documentation creation, legal, and origination fees. Right now, we have approximately \$20,000 in total costs for this work.

### **Special Education and ELL Deficits**

The district currently has no indication that spending authority for special education or ELL deficits will be reduced. Our communications with Kassandra Cline in February indicated that the SBRC would give districts some leniency if their existing UAB did not support a large reduction to these supplemental requests. For example, if these were cut by \$5 million in total, the district would have a route to absorb this reduction over several years rather than all at once.

The District will be visiting with the SBRC in early June. The request from the SBRC stated that the meeting was informational only. There is no indication that the SBRC will make adjustments to the District's UAB at this June meeting.

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