



CATALINA FOOTHILLS UNIFIED SCHOOL DISTRICT #16
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BOARD AGENDA ITEM

ITEM NO: 7.3

BOARD MEETING DATE: Tuesday, June 9, 2026

NEW BUSINESS ITEM: Review of the Fiscal Year 2027 Maintenance and Operations (M&O) Straw Budget and Approval of the Fiscal Year 2027 Proposed Budget (State Forms)

SUBMITTED BY: Lisa Taetle, Director of Finance

PRESENTED BY: Lisa Taetle, Director of Finance

The first attached document is the Fiscal Year (FY) 2027 Straw Budget, which serves as the foundational framework for the Proposed Expenditure Budget (second attachment). Because the State Legislature has not yet finalized the FY 2027 state budget, the Arizona Auditor General has released preliminary expenditure budget forms for school districts to use in the interim. Once the State's budget is officially passed, updated forms will be issued.

The District has prepared the proposed budget using the state's current guidance, which includes a 2% inflationary adjustment in the baseline calculations. To account for any subsequent changes to funding formulas or state allocations, the District will present its first formal budget revision in December, ensuring the District's financial plan aligns with the finalized state budget.

The attached FY 2027 Revenue Budget document has been updated to incorporate the following changes since the Straw Budget discussed at the May 12, 2026 board meeting:

- **Line 1**, Base Revenue Control Limit (BRCL), reflects a decrease of \$551,132 due to a data entry correction identified in the initial projected budget computations. The BRCL now correctly reflects the true statutory funding

allocation for FY 2027. To completely offset this reduction and preserve operational funding, corresponding adjustments were made to maximize the FY 2026 carryforward and modify the DAA Transfer to M&O reflected on **Lines 6 and 7** of the Revenue Straw Budget.

- **Line 3**, the Transportation Revenue Control Limit (TRCL), reflects a decrease of \$220,836 due to year-end state data reconciliations. School districts are required to report actual transportation data to the state based on bus odometer readings at the 100-day mark and at the culmination of the academic year. Following the initial reporting period, an adjustment in the odometer readings for special education routes occurred. Ultimately, the finalized mileage reported to the state at the close of FY 2026 was lower than the original projected figures, resulting in this subsequent reduction in transportation funding capacity.
- **Line 4**, the K-12 M&O Override, is projected to decrease by \$37,060. Because the override capacity is formula-driven, this calculation incorporates both the calculated FY 2027 TRCL and the finalized FY 2026 weighted student count. Slight decreases in both of these underlying baseline metrics correspondingly reduced the overall projected K-12 M&O Override funding limit.
- **Line 6**, Carryforward, reflects a net increase of \$696,183. This adjustment stems from an overall increase of \$894,671 M&O budget capacity established during the final FY 2026 budget revision. The baseline capacity increase was driven by three distinct factors: two one-time revenue allocations for Free and Reduced National School Lunch Program (NSLP) funding and District Additional Assistance (DAA), along with ADM growth captured between the first and final FY 2026 budget revisions. Because operational expenditures had already been finalized prior to this year-end capacity adjustment, these additional revenues directly converted into carryforward capacity to support the subsequent fiscal year. Because the two one-time funding streams (NSLP and DAA) were already integrated into carryforward estimates, the net \$696,183 addition on Line 6 strictly isolates and captures the financial impact of the actual FY 2026 ADM growth. This full \$894,671 carryforward balance is officially recorded on Page 2 of the state budget forms, and its specific structural placement will be detailed later in this memorandum.
- **Line 7**, DAA Transfer to M&O, reflects an increase of \$114,349. This adjustment is due to updates within the Revenue Straw Budget alongside corresponding expense adjustments made within the Expenditure Straw Budget.

The attached FY 2027 Expenditure Straw Budget reflects the following changes:

- On **Line 32**, under the *FY 2027 Additions column*, a supplemental \$2,700 was allocated to the existing addition. This adjustment specifically accounts for anticipated mileage reimbursements for district site technology personnel traveling between campuses.
- On **Line 57b**, under the *FY 2027 Additions column*, a supplemental \$40,000 was allocated to the previous addition to account for the projected operational costs of two additional transportation routes. These routes were established to accommodate nonresident student transportation to Ventana Vista and Canyon View for FY 2027.

The 2027 Classroom Site Fund (CSF) document reflects the following changes:

- **Lines 9a and 9b** under the *FY 2026 Deletions column* have been updated to reflect the actual, finalized expenditures for performance pay and its associated employee benefits. To maintain the established program capacity, this same amount has been carried forward into the *FY 2027 Additions column*. The related benefits expense was recalculated and added back using the updated FY 2027 benefit rates. Consequently, these combined adjustments on **Lines 9a and 9b** under the Additions column preserve the total performance pay funds available for allocation in the upcoming fiscal year.

The 2027 Instructional Improvement document reflects the following changes:

- Under the *FY 2027 Deletions column*, expenditures on **Line 3e** for the Response to Intervention Coordinator position have been zeroed out to reflect a structural personnel reallocation. For FY 2027, this individual is transitioning into a Learning Support Specialist role. To accommodate this shift, **Line 3o** was added to the report, reflecting a personnel addition of \$89,206 under the *FY 2027 Additions column*. This allocation funds the 1.0 Full-Time Equivalent position, which will provide targeted learning support services across three campuses: Valley View, Manzanita, and Ventana Vista.

The second attached document is the FY 2027 Proposed Expenditure Budget, which has been transferred to the state-issued preliminary budget forms.

The following are key assumptions used in the development of the FY 2027 Proposed Budget:

Average Daily Membership (ADM)

The ADM for the 100th day for 2026 is 4,714.8374. The 100th day ADM for 2025 is 4,756.7932. The 2026 ADM is utilized for the calculation of District Additional Assistance, Classroom Site Fund and Instructional Improvement.

The estimated current year funding ADM for the 2027 M&O budget is 4,627.

Base Support Amount

The Base Level Amount for 2027, reflecting the 2% inflationary increase, is \$5,215.53.

Transportation Support Level

The FY 2027 State Support Level per Route Mile is \$3.07.

District Additional Assistance (DAA)

The DAA funding for FY 2027 decreased by \$25,163 to \$2,840,201 as compared to \$2,865,364 in 2026. This decrease is due to a decrease in 2026 ADM from 2025.

The following budget details are provided within state-issued preliminary budget forms, which are included as the second attachment for your reference. A breakdown of the specific sections and figures contained within these forms is outlined below.

Page 1: Cover Sheet

On the budget cover sheet, under the *Total Budgeted Expenditures and Aggregate School District Budget Limit* section, the M&O Fund Budget Limit (**Line 1**) is set at \$43,613,018 for FY 2027. Compared to \$43,218,690 in the 2026 Budget Revision #2, this represents an increase of \$394,328. The Unrestricted Capital Fund (**Line 2**), which includes DAA and capital override, is projected at \$11,372,287 for 2027. This reflects a slight decrease of \$52,607 from the 2026 Budget Revision #2 figure of \$11,424,894.

Page 2: Maintenance and Operation Fund

Line 1 under the *Salaries (6100) column* incorporates both the budgeted contingency and projected carryforward amounts. Across the budget, all allocations within the

Salaries (6100) and Employee Benefits (6200) columns have been adjusted to reflect approved compensation increases: a 4% increase for classified staff and administrators, and an average increase of 2% for certified teaching staff. Certified staff also received a one-time \$1000 longevity addendum, increasing their total compensation to an average 4% increase.

Line 25 Program 400 (Transportation) incorporates a 6% contractual rate increase for the District's external transportation provider. Additionally, this line item accounts for a 4% salary increase for the District's internal bus mechanics and facilities and transportation manager.

Line 31, under the *Prior FY 2026 column*, represents the residual component of the FY 2026 carryforward balance discussed previously in the Revenue Straw Budget section of this memorandum. This line item serves to isolate projected carryforward capacity designated for use beyond the current fiscal year. Conversely, the Budget Year 2027 carryforward balance is currently set at zero for this proposed budget. This baseline projection remains subject to upward revision should the District receive unexpected or unbudgeted revenues later in the fiscal year.

Page 4: Classroom Site Fund

For FY 2027, the Classroom Site Fund allocation has increased to \$883 per weighted student count, up from \$842 in FY 2026. While the District expends these funds based on cash received, statutory requirements mandate that we budget to the full budget capacity on these forms.

On **Line 10**, the amount designated as Maintained for spending after FY 2027 (budgeted carryforward) within the *Budget FY 2027 column* directly reflects the FY 2027 Contingency allocation. For cross-reference, this matches the exact figure shown on Line 14 of the 2027 Classroom Site Fund District Straw Budget.

Page 5: Unrestricted Capital Outlay Fund

The District has budgeted to its full Unrestricted Capital Outlay (DAA) capacity for FY 2027, totaling \$11,372,287. **Line 1** accounts for the voter-approved Unrestricted Capital Outlay (DAA) override, which is budgeted at \$2,000,000 annually, plus any applicable carryforward.

Line 5, under the *Property (2) column*, reflects a decrease in expenditures compared to the prior year. At this time, the District does not plan to purchase any replacement facility vehicles. This capital procurement was the specific driver behind the spending increase seen on this line item in the final FY 2026 budget revision.

Line 7, under the *Property (2) column*, reflects capital expenditures for the food service program, specifically the acquisition of a new ice machine and two

replacement milk coolers. Notably, this capital investment directly qualifies toward the National School Lunch Program matching requirement, supporting the District's ongoing federal compliance.

The amount shown on Line 8 under the *All-other object codes column* is lower than in the prior fiscal year, primarily due to a decrease in scheduled, construction-related DAA expenditures. The current balance reflects funding for ongoing construction projects that are expected to carry over from FY 2026. However, this line item may be adjusted upward during FY 2027 as smaller capital projects are identified that do not qualify for, or are not covered by, bond funds.

Line 9, under the *Redemption of Principal (3) column*, reflects a decrease from the prior year because the District has successfully fulfilled its previous Apple lease obligations. For FY 2027, the District is shifting its procurement strategy to purchase new student technology devices outright rather than entering into new lease-purchase agreements.

Page 8: Calculations of FY 2027 General Budget Limit

On **Line 2(c)**, the 2027 DAA allocation is established at \$2,840,201. From this total, \$1,205,808 will be transferred to the M&O fund, leaving a balance of \$1,634,393 within DAA to support essential capital expenditures. Please note that this DAA-to-M&O transfer remains subject to adjustment once the final FY 2026 M&O carryforward is finalized via the Annual Financial Report. Any necessary reconciliations will be formally presented in the December FY2027 budget revision.

Additionally, on **Line 3(a)**, the M&O Override for FY 2027 is budgeted at \$4,706,044.

Page 9: Unrestricted Capital Budget Limit

Lines 6 and 8 represent preliminary estimates for actual FY 2026 expenditures and interest earnings. Because the fiscal year has not yet been formally closed, these baseline figures are subject to change. They will be updated with exact numbers once the FY 2026 annual books are finalized and the Annual Financial Report is completed with any necessary adjustments integrated into the December 2027 budget revision.

RECOMMENDED MOTION: I move the governing board approve the fiscal year 2027 proposed expenditure budget, as presented.