



Catalina Foothills Unified School District #16  
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## **BOARD AGENDA ITEM**

**ITEM NO: 7.5**

**BOARD MEETING DATE:** Tuesday, June 10, 2025

**NEW BUSINESS ITEM:** Review of the Fiscal Year 2026 Maintenance and Operations (M & O) Straw Budget and Approval of Fiscal Year 2026 Proposed Budget (State Forms)

**SUBMITTED BY:** Lisa Taetle, Director of Finance

**PRESENTED BY:** Lisa Taetle, Director of Finance

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The first attached document is the FY 2026 Straw Budget, which serves as the foundation for the Proposed Expenditure Budget (second attachment). The Arizona Auditor General has released preliminary FY 2026 expenditure budget forms, as the State Legislature has not yet passed the final FY 2026 budget. Once the State's budget is approved, updated forms will be issued.

The District has prepared the proposed budget based on current guidance, incorporating a 2% inflationary adjustment as assumed in the preliminary calculations. A formal budget revision will be completed in August to reflect any updates resulting from the finalized state budget and funding formulas.

The 2026 Classroom Site Fund (CSF) document reflects the following changes:

- Lines 9a and b under FY 2025 have been updated to reflect actual performance pay and associated employee benefit expenditures. The previously reported amounts under the FY 2025 Additions column have

been removed. Instead, the report now shows a decrease of \$88,475 under the FY 2025 Deletions column on Line 9a, along with corresponding benefit costs reflected on Line 9b. These amounts have been added back under the FY 2026 Additions column on Lines 9a and b, representing performance pay funds available for the next fiscal year.

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The second attached document is the FY 2026 Proposed Expenditure Budget, which has been transferred to the state-issued budget forms.

The following are key assumptions used in the development of the FY 2026 Proposed Budget:

Average Daily Membership (ADM) – Data Entry, Page 1 of 2

The ADM for the 100<sup>th</sup> day for 2025 is 4,759.2460. The 100<sup>th</sup> day ADM for 2024 is 4,774.4424. The 2025 ADM is utilized for the calculation of District Additional Assistance, Classroom Site Fund and Instructional Improvement.

The estimated current year funding ADM for the 2026 M&O budget is 4,574.

Base Support Amount – Data Entry, Page 1 of 2

The Base Level Amount for 2026, reflecting the 2% inflationary increase, is \$5,113.26.

Transportation Support Level – Data Entry, Page 1 of 2

The FY 2026 State Support Level per Route Mile is \$3.01.

Transportation Revenue Control Limit – BSA55, Page 3 of 5

The Transportation Revenue Control Limit for FY 2026 is \$1,162,213.59.

District Additional Assistance (DAA) – BSA55, Page 4 of 5

The DAA funding for FY 2026 decreased by \$7,054 to \$2,866,968 as compared to \$2,874,022 in 2025. This decrease is due to a decrease in 2025 ADM from 2024.

Calculations, Page 1 of 3

Under the Calculation of M&O Fund Budget Balance Carryforward Section, Line 8 reflects the estimated actual M&O expenditures for 2025 of \$40,774,262. Line 9 assumes a Budget Balance Carryforward of \$2,000,000.

#### Expenditure Budget – Cover Sheet

Under Total Budgeted Expenditures and Aggregate School District Budget Limit on the bottom right of the cover sheet shows an M&O Budget Limit of \$42,132,464 for 2026 as compared to \$42,774,262 for 2025 Budget Revision #3. This is a decrease of \$641,798. The Unrestricted Capital Fund (DAA including capital override) is \$10,038,221 for 2026 as compared to \$9,786,567 for 2025 Budget Revision #3.

#### Expenditure Budget – Page 1 of 8

Line 1 Salaries (6100) includes both the budgeted contingency and carryforward amounts. Salaries (6100) and Employee Benefits (6200) have been increased by 2% for classified staff and administrators, and by an average of 2% for teachers.

Line 4 Salaries and Employee Benefits decreased from prior years primarily due to reduced payroll costs following changes in the superintendent and associate superintendent positions. The budget still reflects salary and benefit increases for the current superintendents.

Line 9 reflects an increase over FY 2025 due to the required food service matching requirements, which are based on the prior year's student meal counts. This obligation is initially budgeted within M&O but may be shifted to DAA if capital food services are needed during the year.

Line 25 Program 400 (Transportation) includes a 3% contractual rate increase for the District's transportation provider, and a 2% salary increase for the District's bus mechanics and facilities manager.

#### Classroom Site Fund – Page 3 of 8

The FY 2026 Classroom Site Fund funding is \$842 per weighted student count an increase from \$792 per weighted student count in FY 2025. Although the District expends the Classroom Site Funds based upon the cash received, we are required to budget to the full amount of the budget capacity.

A new line-Line 10: Maintained for spending after FY 2026 (budgeted carryforward)-was added to the budget forms beginning in FY 2026. The amount reported on this line under the Budget FY 2026 column reflects the FY 2026 Contingency amount shown on Line 14 of the 2026 CSF District Straw Budget.

#### Unrestricted Capital Outlay – Page 4 of 8

The District has budgeted to the full Unrestricted Capital Outlay (DAA) capacity for FY 2026, totaling \$10,038,221. Line 1 capital override is budgeted at \$2,000,000 annually, plus any applicable carryforward.

Line 7 Food Service matching requirement reflects zero dollars for FY 2026, as it is currently unknown whether capital expenditures will be required to meet the food service matching obligation. If necessary, funds may be allocated later in the year.

The amount shown on Line 8 under the All other object codes column, is lower than in FY 2025, primarily due to a decrease in construction-related DAA expenditures. This line may increase during FY 2026 as small capital projects are identified that are not covered with bond funds. The District received new bond funds at the end of FY 2025 for district-wide renovations and repairs.

A new line-Line 11: Maintained for spending after FY 2026 (budgeted carryforward)-was added to this budget form this year. The amount reported under the Budget FY 2026 column represents projected carryforward in DAA, including the capital override balance.

#### Federal Projects FTE & Expenditures – Page 6 of 8

Line 21 Total Federal Projects decreased by approximately \$680,000. This reduction is primarily due to the District not yet receiving full allocations for several federal grants at the time of budget development. Additionally, the District has expended the majority of its carryforward funds from the IDEA Part B grant, resulting in decreased available funding in FY 2026.

#### Calculation of General Budget Limit – Page 7 of 8

On Line 2(c), the 2026 DAA allocation is \$2,866,968. Of this amount, \$1,451,314 is being transferred to M&O. The remaining \$1,415,654 balance will remain in DAA to support capital expenditures. The DAA transfer to

M&O is subject to adjustment once the final M&O carryforward is determined, following completion of the Annual Financial Report.

On Line 3(a), the M&O Override for FY 2026 is budgeted at \$4,675,034.

Unrestricted Capital Budget Limit – Page 8 of 8

Lines 6 and 8 represent estimates of actual FY 2025 expenditures and interest.

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**RECOMMENDED MOTION: I move that the governing board approve the fiscal year 2026 proposed expenditure budget, as presented.**