



CATALINA FOOTHILLS UNIFIED SCHOOL DISTRICT #16
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BOARD AGENDA ITEM

ITEM NO: 6.3

BOARD MEETING DATE: Tuesday, May 12, 2026

NEW BUSINESS ITEM: Approval of Revisions to the Fiscal Year 2026 Budget
(Revision #2)

SUBMITTED BY: Lisa Taetle, Director of Finance

PRESENTED BY: Lisa Taetle, Director of Finance

The Fiscal Year (FY) 2026 Budget Revision #2 is presented to the Governing Board for review, discussion and formal approval.

This revision incorporates essential updates to the District's fiscal outlook since the adoption of Revision #1 on August 26, 2025. While various technical updates have been applied throughout the document to align with current year-to-date spending, this memorandum highlights the most significant shifts and their impact on District resources.

Page 1: Cover Sheet

On the budget cover sheet, the Maintenance and Operation (M&O) Fund (Line 1) shows an increase of \$894,671. This adjustment is primarily driven by an actual increase of approximately 143 students in the 2026 Average Daily Membership (ADM), alongside two distinct one-time payments for District Additional Assistance (DAA) and the Free and Reduced-Price Lunch (FRPL) Group B weight supplement. A comprehensive breakdown of these specific drivers will be explained on page 8 of the budget documentation.

Additionally, Federal Projects (Line 3) increased by \$333,182. This change reflects the cumulative adjustments across various federal grant allocations and programs managed by the District. Detailed explanations for these individual fund shifts are provided on page 7 of the supporting materials.

Page 2: Maintenance and Operation Fund

Each figure on this page has been reviewed and updated to reflect current actual expenses and refined projections for the remainder of the fiscal year. The following sections outline the most significant adjustments made to ensure the budget remains closely aligned with the District's real-time fiscal position.

On Line 4 under *Purchased Services*, expenses decreased from \$200,000 to \$130,000. This reduction is primarily due to the absence of election service costs in FY 2026. These adjustments reflect a realignment of the budget to match anticipated expenditures for the remainder of the year.

On Line 6 under *Purchased Services*, budget was increased by \$125,000. This adjustment is primarily due to a reclassification of the Public Relations Director's compensation, which is processed through Educational Services, Inc. (ESI) in FY 2026 rather than the standard salary expenditure lines.

On Line 9, within the *Other* column, expenses decreased by \$22,100. Because the matching requirements for the National School Lunch Program (NSLP) can be funded through either M&O or DAA, these M&O funds were reallocated to cover the purchase of necessary food service equipment.

On Line 16, under *Purchased Services*, expenditures decreased by approximately \$52,000. This adjustment reflects the fact that the District incurred no costs for outsourced psychology services in FY 2026.

Page 5: Unrestricted Capital Outlay Fund

On Line 1, under the *Budget FY* column, capital override decreased by approximately \$362,000. This adjustment is due to cabling expenditures that were incurred at the conclusion of FY 2025, and because these costs were settled in the previous year, the available FY 2025 carryforward into the current budget has decreased accordingly.

On Line 5, under the *Property* column, expenses increased by nearly \$165,000. This change is due to the purchase of three new vehicles for the District's facilities

department, ensuring the fleet remains capable of supporting essential maintenance and oversight.

On Line 7, under the *Property* column, equipment for food service expenses increased from \$19,490 to \$29,894. This adjustment accounts for the required matching contribution under the NSLP, which the District must fund through either M&O or DAA resources.

Page 6: Other Funds—Required Capital Expenditures Detail

On Line 13, under the *Bond Building Budget FY* column, reflects a decrease in projected expenses of approximately \$3.4 million. Following a re-evaluation of several large-scale bond projects, these funds have been reallocated to alternative bond expenditures, including upcoming kitchen renovations at Manzanita and Sunrise Drive Elementary Schools. These reallocated funds are scheduled to be expended during the 2027 fiscal year.

Page 7: Other Funds Expenditures

Auxiliary Operations (Line 8) increased by \$300,000. This budget adjustment accounts for the increased costs associated with out-of-state performances for the band and choir programs.

On Line 30, under the *Budget FY* column Building Renewal Grant funding increased by \$8.9 million to account for projected 2026 costs related to continued building construction and renovation. These expenditures are funded by the Arizona School Facilities Oversight Board.

Page 8: Calculations of FY 2026 General Budget Limit

On Line 1, under *Column A (Maintenance and Operation)*, the FY 2026 Revenue Control Limit (RCL) increased by approximately \$740,000. Additionally, Lines 10(b) and 10(c) now include one-time funding allocations, specifically \$127,851 for DAA and \$69,596 for the FRPL Group B weight supplement. These adjustments ensure the budget accurately incorporates these specific one-time revenue sources.

RECOMMENDED MOTION: I move the governing board approve the Fiscal Year 2026 Expenditure Budget (Revision #2), as presented.