

Arizona Auditor General

We have issued a fiscal year (FY) 2026 [preliminary school district annual expenditure budget packet](#) in conjunction with the Arizona Department of Education (ADE). We have incorporated legislation enacted to date in the preliminary forms. The Fifty-seventh Legislature, First Regular Session, has not yet concluded. We will include any additional enacted legislation impacting FY 2026 district funding calculations, such as the base support level and transportation support level, in the final budget forms. In accordance with Arizona Revised Statutes (A.R.S.) §15-901.05, any changes to State law that modifies or impacts the district funding calculations apply to the entire fiscal year in which the change becomes effective. We will notify districts by email when we issue the final forms.

A.R.S. §15-905(Q) allows districts to revise their budgets by September 15 for changes in law that impact budget calculations in their adopted budget. Districts in which the qualifying levy is greater than the equalization base (non-State-aid districts) in particular should be aware of the impact of preliminary forms on the budget and discuss property tax rate considerations with their county.

The preliminary expenditure budget packet includes the forms and instructions for completing the FY 2026 School District Annual Expenditure Budget, Supplement, Summary, Truth in Taxation Work Sheet and Notice, Hearing Notification and Summary, and Desegregation Budget Forms. The preliminary expenditure budget packet also includes submission and publication instructions, that include hints on using the budget files.

Changes from the previous year's budget forms have been highlighted light yellow. In addition, the instructions tab includes a column "Summary of significant changes" to explain changes from the previous year's budget forms.

Significant changes incorporated into the preliminary expenditure budget package include:

- **Cover**—added space for districts to paste a clickable link to the District's website containing a link to the proposed and adopted budgets. This eliminates the need to email the clickable link to ADE.
- **Cover, Page 1, Page 3, Page 4, Summary, and Hearing Notification and Summary**—added lines to separately report amounts maintained for spending after FY 2026 (budgeted carryforward) for the M&O Fund, Classroom Site Fund (CSF), and UCO Fund, as applicable. This will provide more transparent information for budget form end users regarding amounts districts estimate they will maintain for spending after FY 2026 in these budget-controlled funds.
- **Page 5**—added line 5 to separately report amounts budgeted for object 6655—Short-term Noninstructional Software Subscription, to agree with the annual financial report format.
- **Page 7**—removed the line for the Estimated Allocation of Additional Funding for Prop. 123.
- **Fund balances**—added formulas to pull budgeted carryforward amounts to line A.4.d. Removed Section B comparing total budgeted expenditures to planned spending, now that budgeted carryforward is reported separately on Pages 1, 3, and 4.
- **Data Entry**—Updated the Qualifying Tax Rate and Classroom Site Fund allocation.
- **Data Entry**—Added lines to report the student information system, accounting information system, and bookstore cash-receipting system. This information was previously included on the District Contacts tab.
- **Data Entry**—added a line for districts to select the financial statement fund type for the UCO fund.

- **Data Entry**—removed the lines for the FY 2025 onetime FRPL Group B weight and DAA supplements.
- Combined the Budget Hints file into the Submission and Publication file.

If you have any questions, please contact Michael Carnahan at asd@azauditor.gov or (602) 977-2796 or ADE's School Finance Budget Team at SFBudgetTeam@azed.gov or (602) 542-5695.

Sincerely,
Arizona Auditor General

