

Office of the Maricopa County
School Superintendent
Steve Watson

December 31, 2024

The Honorable Tom Horne, State Superintendent of Public Instruction
Arizona Department of Education
1535 W. Jefferson St.
Phoenix, AZ 85007

Re: Fiscal Year (FY) 2024 Overexpenditure by **Isaac Elementary School District #5**

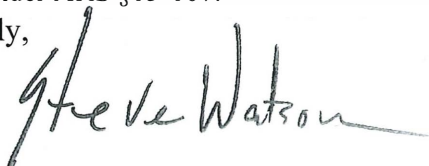
Arizona Revised Statutes (A.R.S.) §15-107(A) requires the County Superintendent to notify the Arizona Department of Education if a school district has overexpended its budget and prohibits this Office from drawing a warrant for any expenditure in excess of the district's budget unless notified by the Department of Education that budget capacity exists. Further, A.R.S. §15-107(C) states that if the overexpenditure will cause the District to exceed its general budget limit or unrestricted capital budget limit by \$50,000 or 0.5%, whichever is less, the Department of Education shall request that the matter be placed on a State Board of Education meeting agenda for action.

As of December 31, 2024, when submitting a revised and corrected Annual Financial Report, **Isaac Elementary School District #5** overexpended its FY24 Maintenance and Operations Budget by (\$-3,295,343) and its Unrestricted Capital Outlay by (\$-9,337,790). The total budget limit overexpenditure is (\$-12,633,133).

In addition, the district expended \$6,542,663 in Fund 374 E-Rate in FY24, leaving a negative fund balance as of June 30, 2024, of (\$-6,611,955). Annual revenue in F374 is between \$50,000 to \$100,000. If the district does not have E-Rate claims to support the \$6,542,663 in FY24 expenditures, those expenditures would also need to be corrected to an appropriate fund. Corrections into M&O or UCO would further increase the FY24 overexpenditures in those funds.

These dollar values far exceed the statutory limit required for the County School Superintendent's Office to report the district to the Arizona Department of Education for referral to the Arizona Department of Education for further action under ARS §15-107.

Sincerely,



Steve Watson
Maricopa County School Superintendent

Cc: Tim McCain, Chief Financial Officer, ADE
Xin Liu, Assistant Deputy Superintendent School Finance, ADE
Dr. Mario Ventura, Superintendent Isaac Elementary School District #5
Nancy Santos, Isaac Elementary School District #5

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