



Catalina Foothills Unified School District #16
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BOARD AGENDA ITEM

ITEM NO: 5.1

BOARD MEETING DATE: Tuesday, October 13, 2026

NEW BUSINESS ITEM: Approval of Fiscal Year 2026 Annual Financial Report

SUBMITTED BY: Lisa Taetle, Director of Finance

PRESENTED BY: Lisa Taetle, Director of Finance

SUMMARY OF SCHOOL DISTRICT ANNUAL FINANCIAL REPORT (AFR)

Cover Page 1 - Maintenance and Operations (M&O)

For FY 2026, the District's actual M&O expenditures were \$39,154,497 against a General Budget Limit of \$43,218,690, generating an M&O carryforward of \$4,064,193. This reflects a notable increase from the FY 2025 carryforward of \$3,250,939 and exceeds our projected FY 2026 budgeted carryforward of \$2,283,959 by \$1,780,234. This higher-than-expected surplus was primarily driven by lower substitute coverage expenses, reduced school bus repair and maintenance costs, under-utilized budget, and payroll savings from unpaid employee leave.

Page 3 - Maintenance and Operation Fund Expenditures

Line 9: M&O food service expenditures decreased from the prior year because the required food service matching contribution was paid from DAA or Unrestricted Capital instead of M&O.

Line 11: M&O expenses for athletics rose from \$155,985 in FY 2025 to \$180,030 in FY 2026, primarily driven by increased costs for coaching stipends, as well as travel costs for athletic tournaments.

Line 16 expenses increased from \$678,894 to \$739,595 as the District absorbed higher salary expenditures previously covered by the federal IDEA Basic grant. This shift reflects a reduction in federal grant funding allocated to the District for the fiscal year.

Line 21: Expenses increased in this category due to an increase in facility maintenance supplies for the special education programs.

Page 4 - Classroom Site Fund

The District continues to allocate budgeted expenses across the funding categories, and page 4 reflects actual expenses incurred from all categories (base, performance pay and menu).

Line 12: Actual Classroom Site Fund expenditures for FY 2026 were \$5,517,365, an increase from \$5,273,785 in FY 2025. This increase was primarily due to higher salary and benefit costs.

Line 13 (Budget Column): The Classroom Site Fund was budgeted to the full estimated capacity of \$842 per Weighted Student Count, plus any carryforward balance. Although this fund is budget-controlled rather than cash-controlled, the District manages expenditures based on the cash available. The ending balance for FY 2026 was \$2,419,269, compared to \$2,391,421 in FY 2025.

Page 5 - Unrestricted Capital Outlay Fund

Line 1: Capital override expenditures increased from \$1,444,604 in FY 2025 to \$3,048,728 in FY 2026, primarily driven by the replacement of student technology devices and IT infrastructure cabling.

Line 2: Expenses increased from the prior year due to the corresponding increases in capital override expenditures mentioned under line 1.

Line 5: Operation and Maintenance of Plant expenditures increased from \$37,952 in FY 2025 to \$203,062 in FY 2026, primarily driven by the replacement of aging Facilities Department vehicles. The District purchased four new utility vehicles to replace end-of-life service trucks, addressing ongoing reliability issues and reducing maintenance costs across the fleet.

Line 6: Expenses in this category decreased from the prior year due to a reduction in equipment purchases for transportation bus maintenance, as no additional capital equipment was required in FY 2026.

Line 7: Expenses increased from the prior year because the required food service matching contributions were paid from Unrestricted Capital instead of M&O.

Line 10: The District Additional Assistance (Unrestricted Capital) budget differs from actual expenditures because the District is required to budget to the full amount of its capital budget capacity. In FY 2026, actual expenditures increased by approximately \$1.1 million, primarily due to increased spending in capital override.

Page 5 - Bond Building Fund

Line 13: In FY 2026, the District spent \$6,776,577 on construction projects, including new parking lots at both Catalina Foothills High School and Esperero Canyon Middle School, new tennis and basketball courts at Esperero Canyon Middle School, the purchase of new student buses, and associated salary and benefit costs for both the Facilities Director and Manager.

Page 11 - Additional Information for National Public Education Finance Survey Reporting for COVID-19 Federal Relief Funds

The purpose of this report is to summarize federal COVID-19 relief funds awarded to the District from 2020 to the present, along with the actual expenditures by category. All District COVID-19 funds have been fully spent, with ESSER III dollars completely used by September 30, 2024. This is the final year of this required reporting to the State.

Page 14 - Fund Balance Reserve

The Fund Balance Reserve report is designed to show the District's actual fund balance compared to the targeted fund balance reserve. Its purpose is to provide the public with clear, comprehensive financial information and to explain the policies and guidelines used to establish these target reserves. Note that the report format and methodology did not change from 2025 to 2026.

Pages 18 through 47 - School-Level Reporting

The School-Level Report provides a clear picture of the District's revenue sources and how those dollars are distributed and spent across the schools. A separate report has been prepared for each of the eight school sites. Pages 21 and 23 presents a District-wide report, which captures revenue and expenditures that were not assigned to individual schools. The school's name has been highlighted for ease of reading.

RECOMMENDED MOTION: I move that the governing board approve the 2026 Annual Financial Report, as presented.