Catalina Foothills Unified School District #16
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BOARD AGENDA ITEM

ITEM NO: 5.4

BOARD MEETING DATE: Tuesday, October 14, 2025

NEW BUSINESS ITEM: Approval of Fiscal Year 2025 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 - Maintenance and Operations (M&O)

For FY 2025, the District's actual M&O Expenditures were $39,474,775 compared to an M&O General Budget Limit of $42,774,262. This resulted in an M&O carryforward of $3,299,487. By comparison, the FY 2024 M&O carryforward was $2,423,817. The FY 2025 carryforward ended up $1,299,487 higher than expected, since the FY 2025 budgeted carryforward was $2,000,000.

Page 2 - Maintenance and Operation Fund

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 16: Expenses decreased from $768,425 to $678,894, mainly because the District reduced its reliance on outsourced school psychology services by successfully hiring district employees.

Line 21: Expenses decreased in this category due to a decrease in facility maintenance repairs for the special education programs.

Line 31: Expenses for K-3 Reading increased due to FY 2025 funding reductions in the Title I grant.

Page 3 - Classroom Site Fund

The District continues to allocate budgeted expenses across the funding categories, and page 3 reflects actual expenses incurred from all categories (base, performance pay and menu).

Line 12: Actual Classroom Site Fund expenditures for FY 2025 were $5,273,785, an increase from $4,662,354 in FY 2024. 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 $792 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 2025 was $2,391,421, compared to $2,417,045 in FY 2024.

Page 4 - Unrestricted Capital Outlay

Line 1: Capital override expenditures decreased from $3,459,080 in FY 2024 to $1,444,604 in FY 2025 primarily because of lower expenses related to the lease agreement for student and teacher Apple computer devices. This reduction contributed to decreased spending under the Redemption of Principal column.

Line 2: Expenses decreased from the prior year because the District did not replace any major student technology items in FY 2025, unlike in FY 2024.

Line 5: Operational and maintenance of plant expenditures decreased from $189,721 in FY 2024 to $37,952 in FY 2025, primarily because fewer vehicles and pieces of equipment were purchased under this category.

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 2025, actual expenditures decreased by approximately $3.9 million, primarily due to lower spending on capital override, debt service and construction expenditures.

Page 4 - Bond Building Fund

Line 17: In FY 2025, the District spent $3,930,440 on construction projects, including the replacement of the stadium track at Catalina Foothills High School, the purchase of new student buses, and associated salary and benefit costs.

Page 10 - 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.

Page 13 - 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 2024 to 2025.

Pages 17 through 34 - 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 17 and 18 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 2025 Annual Financial Report, as presented.