PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 10, 2026

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

NEW ISSUE – BOOK-ENTRY-ONLY **RATING: See "RATING" herein.**

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District (as defined herein), as mentioned under "TAX EXEMPTION" herein, interest income on the Bonds (as defined herein) is excludable from gross income for federal income tax purposes. Interest income on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest income on the Bonds is exempt from Arizona income taxes. See "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM" herein.

$10,160,000*
CATALINA FOOTHILLS UNIFIED SCHOOL DISTRICT NO. 16 OF PIMA COUNTY, ARIZONA SCHOOL IMPROVEMENT BONDS, PROJECT OF 2022, SERIES C (2026)

Dated: Date of Initial Authentication and Delivery *Due:* July 1, as shown on the inside front cover page

The School Improvement Bonds, Project of 2022, Series C (2026) (the "Bonds") of Catalina Foothills Unified School District No. 16 of Pima County, Arizona (the "District"), will be issued in the form of fully-registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Beneficial ownership interests in the Bonds may be purchased in amounts of $5,000 of principal due on a specific maturity date or integral multiples thereof. The Bonds will mature on the dates and in the principal amounts and will bear interest from their dated date to their maturity or prior redemption as set forth on the inside front cover page. Interest on the Bonds will accrue from the date of delivery and will be payable semiannually on January 1 and July 1 of each year, commencing on January 1, 2027*, until maturity or prior redemption.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE

The District will initially utilize DTC's "book-entry-only system," although the District and DTC each reserve the right to discontinue the book-entry-only system at any time. Utilization of the book-entry-only system will affect the method and timing of payment of principal of and interest on the Bonds and the method of transfer of the Bonds. So long as the book-entry-only system is in effect, a single fully-registered Bond, for each maturity of the Bonds, will be registered in the name of Cede & Co., as nominee of DTC, on the registration books maintained by BOKF, NA, the initial bond registrar and paying agent for the Bonds. DTC will be responsible for distributing the principal and interest payments to its direct and indirect participants who will, in turn, be responsible for distribution to the beneficial owners of the Bonds (the "Beneficial Owners"). So long as the book-entry-only system is in effect and Cede & Co. is the registered owner of the Bonds, all references herein (except under the headings "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM") to owners of the Bonds will refer to Cede & Co. and not the Beneficial Owners. See APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM" herein.

Certain of the Bonds will be subject to redemption prior to their stated maturity dates as described under "THE BONDS – Redemption Provisions" herein*.

Principal of and interest on the Bonds will be payable from a continuing, direct, annual, *ad valorem* tax levied against all taxable property located within the boundaries of the District as more fully described herein. The Bonds will be payable from such tax without limit as to rate or amount. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS" herein.

The Bonds will be offered when, as and if issued by the District and received by the underwriter identified below (the "Underwriter"), subject to the legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. In addition, certain legal matters will be passed upon for the Underwriter by its counsel, Squire Patton Boggs (US) LLP, Phoenix, Arizona. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about October 8, 2026*.

This cover page contains certain information with respect to the Bonds for convenience of reference only. It is not a summary of the series of which the Bonds are a part. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Bonds.

STIFEL

* *Subject to change.*

$10,160,000*
CATALINA FOOTHILLS UNIFIED SCHOOL DISTRICT NO. 16
OF PIMA COUNTY, ARIZONA
SCHOOL IMPROVEMENT BONDS,
PROJECT OF 2022, SERIES C (2026)

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP®[1] No. 721863
2027	$2,000,000	%	%	
2028	475,000			
2033	400,000			
2034	400,000			
2035	425,000			
2036	450,000			
2037	475,000			
2038	500,000			
2039	525,000			
2040	550,000			
2041	575,000			
2042	610,000			
2043	645,000			
2044	675,000			
2045	710,000			
2046	745,000			

* *Subject to change.*

(1) *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, Bond Counsel, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.*

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by Catalina Foothills Unified School District No. 16 of Pima County, Arizona (the "District") or Stifel, Nicolaus & Company, Incorporated (the "Underwriter") to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the District's School Improvement Bonds, Project of 2022, Series C (2026) (the "Bonds") by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the District, the Arizona Department of Revenue, the Assessor, the Office of Budget and Finance and Treasurer of Pima County, Arizona, and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the District or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the District or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information."

None of the District, the Underwriter, counsel to the Underwriter or Bond Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the District's share of the unfunded liabilities of the Arizona State Retirement System.

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are "forward looking statements" that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the District or any of the other parties or matters described herein since the date hereof.

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

A wide variety of information, including financial information, concerning the District is available from publications and websites of the District and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such publications and websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The District will undertake to provide continuing disclosure as described in this Official Statement under the heading "CONTINUING DISCLOSURE" and in APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS.

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OFFICIAL STATEMENT

$10,160,000*
CATALINA FOOTHILLS UNIFIED SCHOOL DISTRICT NO. 16
OF PIMA COUNTY, ARIZONA
SCHOOL IMPROVEMENT BONDS,
PROJECT OF 2022, SERIES C (2026)

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been prepared at the direction of Catalina Foothills Unified School District No. 16 of Pima County, Arizona (the "District"), in connection with the issuance of $10,160,000* aggregate principal amount of bonds designated School Improvement Bonds, Project of 2022, Series C (2026) (the "Bonds"). Certain information concerning the authorization, purpose, terms, conditions of sale and sources of payment of and security for the Bonds is stated in this Official Statement. See APPENDIX A – "THE DISTRICT – DISTRICT INFORMATION" and APPENDIX B – "THE DISTRICT – FINANCIAL INFORMATION" for certain information about the District.

Reference to provisions of State of Arizona (the "State" or "Arizona") law, whether codified in the Arizona Revised Statutes, or uncodified, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be considered as, or as part of, a contract with the original purchasers or subsequent owners or beneficial owners of the Bonds.

THE BONDS

Authorization and Purpose

The Bonds will be issued, executed and delivered pursuant to the Arizona Constitution and the laws of the State, including particularly Title 15, Chapter 9, Article 7, Arizona Revised Statutes, a vote of the qualified electors of the District at the election held on November 8, 2022 (the "Election"), and a resolution adopted by the Governing Board of the District (the "Governing Board") on August 25, 2026 (the "Bond Resolution").

The Bonds represent the third and final installment of an aggregate voted principal amount of $38,500,000 of school improvement bonds authorized at the Election. Proceeds from the sale of the Bonds will be used for (i) building renovations, construction, improvements and energy efficiency upgrades; (ii) improvement of District grounds; (iii) pupil transportation vehicles; (iv) improvement of District facilities; and (v) paying the costs of issuing the Bonds. After the issuance of the Bonds, the District will no longer have any remaining authorized but unissued voter authorization for school improvement bonds from the Election*.

Bonds payable from the same source as the Bonds are outstanding and additional bonds payable from the same source as the Bonds may be issued in the future pursuant to authority approved at subsequent elections in and for the District. See TABLES 1 and 14 herein for information concerning the District's currently outstanding bonds, which are payable from the same source as the Bonds.

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* *Subject to change. See footnotes (b) and (c) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds and previously issued bonds for State voter authorization and debt limit purposes.*

Terms of the Bonds – Generally

The Bonds will be dated the date of delivery and will be registered only in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), under the book-entry-only system described herein (the "Book-Entry-Only System"). See APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM." The Bonds will mature on the dates and in the principal amounts and will bear interest from their dated date at the rates set forth on the inside front cover page of this Official Statement. Beneficial ownership interests in the Bonds may be purchased in amounts of $5,000 of principal due on a specific maturity date or integral multiples thereof. Interest on the Bonds will be payable semiannually on each January 1 and July 1, commencing January 1, 2027* (each, an "Interest Payment Date"), until maturity or prior redemption. The District has chosen the fifteenth (15^{th}) day of the month preceding each Interest Payment Date as the "Record Date" for the Bonds. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

See "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT" and "BOND PREMIUM" herein for a discussion of the treatment of interest income on the Bonds for federal and State income tax purposes.

Bond Registrar and Paying Agent

BOKF, NA will serve as the initial bond registrar, transfer agent and paying agent (the "Bond Registrar and Paying Agent") for the Bonds. The District may change the Bond Registrar and Paying Agent without notice to or consent of the owners of the Bonds.

Redemption Provisions*

Optional Redemption. The Bonds maturing before or on July 1, 20__ will not be subject to redemption prior to their stated maturity dates. The Bonds maturing on or after July 1, 20__ will be subject to redemption prior to their stated maturity dates, at the option of the District, in whole or in part from maturities selected by the District on July 1, 20__, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Bond called for redemption, plus interest accrued to the date fixed for redemption but without premium.

Notice of Redemption. So long as the Bonds are held under the Book-Entry-Only System, notices of redemption will be sent to DTC in the manner required by DTC. See APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM." If the Book-Entry-Only System is discontinued, notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the Bond Registrar and Paying Agent not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of any registered owner of Bonds to receive a notice of redemption nor any defect therein will affect the validity of the proceedings for redemption of Bonds as to which proper notice of redemption was given. Notice of any redemption will also be provided as set forth in APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE," but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If monies for the payment of the redemption price and accrued interest are not held in separate accounts by the District, the Treasurer of Pima County, Arizona (the "Treasurer") or the Bond Registrar and Paying Agent prior to sending the notice of redemption, such redemption shall be conditional on such monies being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

Effect of Redemption. On the date designated for redemption, the Bonds or portions thereof to be redeemed will become and be due and payable at the redemption price for such Bonds or portions thereof, and, if monies for payment of the redemption price are held in a separate account by the Bond Registrar and Paying Agent, interest on such Bonds or portions thereof to be redeemed will cease to accrue, such Bonds or portions thereof will cease to be entitled to any benefit or security under the Bond Resolution, the owners of such Bonds or portions thereof will have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds or portions thereof will be deemed paid and no longer outstanding. DTC's practice is to determine by lot the amount of each Direct Participant's (as defined in APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM") proportionate share that is to be redeemed.

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* *Subject to change.*

Redemption of Less than All of a Bond. The District may redeem any amount which is included in a Bond that is subject to prior redemption in a denomination equal to or in excess of, but divisible by, $5,000. In the event of a partial redemption, the Bond will be redeemed in accordance with DTC's procedures. In the event of a partial redemption if the Book-Entry-Only System is discontinued, the registered owner will submit the Bond for partial redemption and the Bond Registrar and Paying Agent will make such partial payment and will cause to be issued a new Bond in a principal amount which reflects the redemption so made, to be authenticated and delivered to the registered owner thereof.

Registration and Transfer When Book-Entry-Only System Has Been Discontinued

If the Book-Entry-Only System is discontinued, the Bonds will be transferred only upon the bond register maintained by the Bond Registrar and Paying Agent and one or more new Bonds, registered in the name of the transferee, of the same principal amount, maturity and rate of interest as the surrendered Bond or Bonds will be authenticated, upon surrender to the Bond Registrar and Paying Agent of the Bond or Bonds to be transferred, together with an appropriate instrument of transfer executed by the transferor if the Bond Registrar and Paying Agent's requirements for transfer are met. The Bond Registrar and Paying Agent may, but is not required to, transfer or exchange any Bonds during the period from the Record Date to and including the respective Interest Payment Date. The Bond Registrar and Paying Agent may, but is not required to, transfer or exchange any Bonds which have been selected for prior redemption. The transferor will be responsible for all transfer fees, taxes, fees and any other costs relating to the transfer of ownership of individual Bonds.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

General

For the purpose of paying the principal of and interest on the Bonds and costs of administration of the Bonds, the District will be required by law to cause to be levied on all the taxable property in the District a continuing, direct, annual, *ad valorem* property tax sufficient to pay all principal, interest, and costs of administration for the Bonds as the same become due. The Bonds will be payable from such tax without limit as to rate or amount. The taxes will be levied, assessed and collected at the same time and in the same manner as other similar taxes are levied, assessed and collected. For information concerning the *ad valorem* property tax levy and collection procedures, see APPENDIX B – "THE DISTRICT – FINANCIAL INFORMATION – PROPERTY TAXES."

Defeasance

Pursuant to the Bond Resolution, payment of all or any part of the Bonds may be provided for by the irrevocable deposit, in trust, of monies or obligations issued or guaranteed by the United States of America ("Defeasance Obligations") or both, which, with the maturing principal of and interest on such Defeasance Obligations, if any, will be sufficient, as evidenced by a certificate or report of an accountant, to pay when due the principal or redemption price of and interest on such Bonds. Any Bonds so provided for will no longer be outstanding under the Bond Resolution or payable from *ad valorem* taxes on taxable property in the District, and the owners of such Bonds shall thereafter be entitled to payment only from the monies and Defeasance Obligations deposited in trust.

Investment of Debt Service Funds

Following collection and deposit of the proceeds of the taxes into a debt service fund of the District held by the Treasurer (the "Debt Service Fund"), the District will instruct the Treasurer, as ex officio Treasurer of the District, to invest the monies credited to the Debt Service Fund in accordance with Title 15, Chapter 9, Article 7, Arizona Revised Statutes. The District is statutorily permitted to invest monies in the Debt Service Fund only in the investments set forth in Section 15-1025, Arizona Revised Statutes, which include, with certain restrictions, bonds issued or guaranteed by the United States of America (the "United States") or any of its agencies or instrumentalities when such obligations are guaranteed as to principal and interest by the United States or by any agency or instrumentality thereof, bonds of the State or any Arizona county, city, town, or school district, certain bonds of any Arizona county, municipality or municipal district utility, certain bonds of any Arizona municipal improvement district, federally insured savings accounts or certificates of deposit, and bonds issued by federal land banks, federal intermediate credit banks, or banks for cooperatives and certain certificates of deposit (pursuant to Section 35-323.01, Arizona Revised Statutes). All earnings derived from such investments are credited to the Debt Service Fund. The statutes governing investment of monies in the Debt Service Fund are subject to change. The District does not monitor the manner in which the Treasurer invests monies in the Debt Service Fund.

Except to the extent any Bond proceeds are deposited to the Debt Service Fund and except as otherwise described above, neither the proceeds of the sale of the Bonds nor any school property of the District (including that financed with the proceeds of the sale of the Bonds) are security for, or a source of payment of principal of or interest on the Bonds.

STATE CONSTITUTIONAL LIMITATION ON EXPENDITURES

Pursuant to Article 9, Section 21, Arizona Constitution (the "AEL Provision"), Arizona public school districts are subject to an aggregate expenditure limitation (the "Aggregate Expenditure Limitation"), determined annually by the State Economic Estimates Commission. The aggregate expenditure of revenues described in the AEL Provision for all public school districts, determined annually by November 1 of each year by the Arizona Department of Education ("ADE"), may only exceed the Aggregate Expenditure Limitation if authorized by the State legislature (the "Legislature") for a single fiscal year, by concurrent resolution, upon affirmative vote of two-thirds of the membership of each house of the Legislature (the "Override") by March 1 of the fiscal year. Certain public school district revenues, including federal grants and budget overrides, are not subject to the Aggregate Expenditure Limitation. In prior fiscal years, public school districts have either not exceeded the Aggregate Expenditure Limitation or have exceeded the Aggregate Expenditure Limitation with Override authorization from the Legislature.

If the Legislature does not pass the Override (if needed) in a fiscal year, public school districts, including the District, would be required to reduce fiscal year budgeted expenditures by April 1 of such year. Each public school district is responsible for the manner in which it would deal with a required pro-rata reduction of relevant aggregate expenditures. Actions like furloughs, a hiring freeze, salary reductions, shifting from in-person to remote instruction and using available fund balances are various options considered by school districts in Arizona. There is a range of outcomes in future fiscal years that could be achieved by the District by taking some or all of the actions described in the immediately preceding sentence (or other, similar actions). Certain actions would allow the District to continue regular operations while other actions could result in significantly reduced operations of the District.

Based on a report of ADE, the Aggregate Expenditure Limitation would have been exceeded by approximately $1.164 billion (13.83%) in fiscal year 2025/26. On June 27, 2025, the Legislature passed the Override providing public school districts with the authority to spend amounts as budgeted for fiscal year 2025/26 and for the current fiscal year (2026/27).

Even with the approval of the Override by the Legislature for fiscal years through 2026/27, it is expected that school districts will continue to exceed the Aggregate Expenditure Limitation in future fiscal years. The Legislature will need to pass separate Overrides in and for such future fiscal years unless, by State voter approval at a General Election to be held in November 2028 or thereafter, the AEL Provision is repealed or amended to permit a more permanent increase in the Aggregate Expenditure Limitation.

As stated elsewhere herein, the Bonds will be payable from a continuing, direct, annual *ad valorem* tax levied against all taxable property within the District, unlimited as to rate and amount. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS." Although the Legislature's failure to pass an Override in future fiscal years (if needed) could have the budgetary consequences described above, it would not directly affect the levy and collection of property taxes in the District, the security and source of payment for the Bonds. In addition, the Aggregate Expenditure Limitation does not apply to payment of debt service on long-term obligations of the District, including the Bonds. An investment in the Bonds should be made only after due consideration of the foregoing.

SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount	$10,160,000.00*
[Net] Original Issue Premium *(a)*	340,000.00*
Total Sources of Funds	$10,500,000.00*

Uses of Funds

Deposit to Bond Building Fund	
Payment of Costs of Issuance *(b)*	
Total Uses of Funds	

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* *Subject to change.*

(a) *Net original issue premium consists of original issue premium on the Bonds, less original issue discount on the Bonds.*

(b) *Will include compensation and costs of the Underwriter (as defined herein) with respect to the Bonds.*

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ESTIMATED DEBT SERVICE REQUIREMENTS

The following table illustrates the (i) annual debt service on the outstanding bonds of the District, (ii) estimated annual debt service on the Bonds and (iii) total estimated annual debt service on all bonds of the District outstanding after the issuance of the Bonds.

TABLE 1

Schedule of Estimated Annual Debt Service Requirements *(a)*
Catalina Foothills Unified School District No. 16

Fiscal Year	Bonds Outstanding Principal	Bonds Outstanding Interest	The Bonds* Principal	The Bonds* Interest *(b)*	Total Estimated Annual Debt Service Requirements*
2026/27	$ 3,465,000	$ 1,905,250	$ 2,000,000	$ 371,122 *(c)*	$ 7,741,372
2027/28	2,985,000	1,781,338	475,000	408,000	5,649,338
2028/29	3,040,000	1,644,188		384,250	5,068,438
2029/30	3,475,000	1,521,238		384,250	5,380,488
2030/31	3,435,000	1,360,388		384,250	5,179,638
2031/32	3,460,000	1,225,500		384,250	5,069,750
2032/33	2,740,000	1,086,400	400,000	384,250	4,610,650
2033/34	2,845,000	962,900	400,000	364,250	4,572,150
2034/35	3,030,000	834,350	425,000	344,250	4,633,600
2035/36	1,620,000	697,550	450,000	323,000	3,090,550
2036/37	1,705,000	616,550	475,000	300,500	3,097,050
2037/38	1,795,000	531,300	500,000	276,750	3,103,050
2038/39	1,885,000	441,550	525,000	251,750	3,103,300
2039/40	1,980,000	347,300	550,000	225,500	3,102,800
2040/41	2,065,000	268,100	575,000	198,000	3,106,100
2041/42	2,130,000	183,150	610,000	169,250	3,092,400
2042/43	1,025,000	94,275	645,000	138,750	1,903,025
2043/44	1,070,000	48,150	675,000	106,500	1,899,650
2044/45			710,000	72,750	782,750
2045/46			745,000	37,250	782,250
	$ 43,750,000		$ 10,160,000		

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* *Subject to change.*

(a) *Prepared by Stifel, Nicolaus & Company, Incorporated (the "Underwriter").*

(b) *Interest on the Bonds is estimated.*

(c) *The first interest payment on the Bonds will be due on January 1, 2027*. Thereafter, interest payments will be made semiannually on each July 1 and January 1 until maturity or prior redemption.*

LITIGATION

No litigation or administrative action or proceeding is pending to restrain or enjoin, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the levy and collection of taxes to pay the debt service on the Bonds, to contest or question the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed or delivered, or the validity of the Bonds. Representatives of the District will deliver a certificate to the same effect at the time of the initial delivery of the Bonds.

RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC (S&P), has assigned a rating of "AA" to the Bonds. Such rating reflects only the view of S&P. An explanation of the significance of a rating assigned by S&P may be obtained at 333 Bush Street, San Francisco, California 94104. Such rating may be revised or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Bonds. The District will covenant in its continuing disclosure certificate with respect to the Bonds that it will file notice of any formal change in any rating relating to the Bonds. See "CONTINUING DISCLOSURE" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

LEGAL MATTERS

The Bonds are to be sold with the understanding that the District will furnish the Underwriter with the approving opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Bond Counsel ("Bond Counsel") addressing legal matters relating to the validity of the Bonds under Arizona law, and with regard to the tax-exempt status of the interest income thereon (see "TAX EXEMPTION"). The signed legal opinion of Bond Counsel is dated and premised on the law in effect only as of the date of original delivery of the Bonds and will be delivered to the District at the time of original issuance. The fees of Bond Counsel and counsel to the Underwriter are expected to be paid from the proceeds of the sale of the Bonds and are contingent upon delivery of the Bonds.

The proposed text of the legal opinion is set forth as APPENDIX E – "FORM OF APPROVING LEGAL OPINION." The legal opinion to be delivered may vary from the text of APPENDIX E – "FORM OF APPROVING LEGAL OPINION" if necessary to reflect the facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Bond Counsel has reviewed or expressed any opinion concerning any matters relating to the Bonds subsequent to the original delivery of the Bonds.

Bond Counsel has reviewed the information in the tax caption on the front cover page as well as the information under the headings "THE BONDS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS," "TAX EXEMPTION," "ORIGINAL ISSUE DISCOUNT," "BOND PREMIUM," "RELATIONSHIP AMONG PARTIES" (but only as it applies to Bond Counsel) and "CONTINUING DISCLOSURE" (except as it relates to the District's compliance with prior continuing disclosure undertakings) and in APPENDICES E – "FORM OF APPROVING LEGAL OPINION" and F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" but otherwise has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, attempted to examine or verified any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

Certain legal matters will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP, Phoenix, Arizona, counsel to the Underwriter.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) that, if enacted, could alter or amend the property tax system of the State and numerous matters, both financial and non-financial, impacting the operations of school districts which could have a material impact on the District and could adversely affect the secondary market value and marketability (liquidity) of the

Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. The rendering of an opinion also does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the District, interest income on the Bonds is excludable from gross income for federal income tax purposes and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of computing the alternative minimum tax imposed on certain corporations.

The Code includes requirements that the District must continue to meet after the issuance of the Bonds in order that the interest on the Bonds remains excludable from gross income for federal income tax purposes. The failure of the District to meet these requirements may cause the interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds. The opinion of Bond Counsel assumes continuing compliance with such covenants.

Although Bond Counsel will render an opinion that, as of the delivery date of the Bonds, interest income on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect a Beneficial Owner's (as defined in APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM") federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers who become Beneficial Owners of the Bonds, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, should consult their tax advisors as to the applicability of such tax consequences to the respective Beneficial Owner. The nature and extent of these other tax consequences will depend upon the Beneficial Owner's particular tax status and the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

From time to time, there are legislative proposals in Congress that, if enacted or made effective, could alter or amend the federal tax matters referred to above or adversely affect the market value and marketability (liquidity) of the Bonds. Any such change that occurs before initial delivery of the Bonds could cause Bond Counsel to deliver an opinion substantially different from the opinion shown in APPENDIX E – "FORM OF APPROVING LEGAL OPINION." The extent of change in Bond Counsel's opinion cannot be determined at this time. It cannot be predicted whether, when or in what form any such proposal or proposals might be enacted or whether, if enacted, such proposal or proposals would apply to obligations (such as the Bonds) issued prior to the enactment or effective date. Prospective purchasers should consult with their own tax advisors regarding any other pending or proposed federal income tax legislation.

ORIGINAL ISSUE DISCOUNT

The initial public offering prices of the Bonds maturing on July 1, 20__ through and including July 1, 20__ (collectively, the "Discount Bonds"), are less than the respective amounts payable at maturity. As a result, the Discount Bonds will be considered to be issued with original issue discount. The difference between the initial public offering price (assuming it is the first price at which a substantial amount of that maturity of Discount Bonds was sold (the "OID Issue Price")) of the Discount Bonds and the amount payable at maturity of the Discount Bonds will be treated as "original issue discount." With respect to a Beneficial Owner who purchases a Discount Bond in the initial public offering at the OID Issue Price and who holds the Discount Bond to maturity, the full amount of original issue discount will constitute interest income which is not includable in the gross income of the Beneficial Owner of the Discount Bond for federal income tax purposes and Arizona income tax purposes and that Beneficial Owner will not, under present federal income tax law and present Arizona income tax law, realize a taxable capital gain upon payment of the Discount Bond at maturity.

The original issue discount on each of the Discount Bonds is treated for federal income tax purposes and Arizona income tax purposes as accreting daily over the term of such Discount Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 1 and July 1 (with straight-line interpolation between compounding dates).

The amount of original issue discount accreting each period will be added to the Beneficial Owner's tax basis for the Discount Bond. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bond. An initial Beneficial Owner of a Discount Bond who disposes of the Discount Bond prior to maturity should consult his or her tax advisor as to the amount of the original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Discount Bond prior to maturity.

The Code contains certain provisions relating to the accretion of original issue discount in the case of subsequent Beneficial Owners of the Discount Bonds. Beneficial Owners who do not purchase the Discount Bonds in the initial offering at the OID Issue Price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Bonds.

A portion of the original issue discount that accretes in each year to a Beneficial Owner of a Discount Bond may result in certain collateral federal income tax consequences as described in "TAX EXEMPTION" herein.

Beneficial Owners of Discount Bonds in states other than Arizona should consult their own tax advisors with respect to the state and local tax consequences of owning Discount Bonds.

BOND PREMIUM

The initial public offering prices of the Bonds maturing on July 1, 20__ through and including July 1, 20__ (collectively, the "Premium Bonds") are greater than the amount payable on such Premium Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial Beneficial Owner must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner's yield to maturity. Beneficial Owners of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

UNDERWRITING

The Bonds will be purchased by the Underwriter at an aggregate purchase price of $_______________, pursuant to a bond purchase agreement (the "Purchase Contract") entered into by and between the District and the Underwriter. If the Bonds are sold to produce the yields shown on the inside front cover page hereof, the Underwriter's compensation will be $_______________. The Purchase Contract provides that the Underwriter will purchase all of the Bonds so offered if any are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into unit investment trusts) and others at yields lower than the public offering yields stated on the inside front cover page hereof. The initial offering yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter without amendment of the Official Statement.

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

RELATIONSHIP AMONG PARTIES

Bond Counsel has previously represented, and is currently representing, the Underwriter with respect to other financings and has acted or is acting as bond counsel with respect to other bonds underwritten by the Underwriter and may do so in the future. Bond Counsel also serves and has served as bond counsel for one or more of the political subdivisions that the District territorially overlaps. Counsel to the Underwriter has previously acted as bond counsel with respect to other bonds underwritten by the Underwriter and may continue to do so in the future if requested.

CONTINUING DISCLOSURE

The District will covenant for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the District by not later than February 1 in each year commencing February 1, 2027 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the District as such will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access system ("EMMA"), each as described in APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission's Rule 15c2-12(b)(5) (the "Rule"). A failure by the District to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. *Pursuant to Arizona Law, the ability of the District to comply with such covenants will be subject to annual appropriation of funds sufficient to provide for the costs of compliance with such covenants.* Should the District not comply with such covenants due to a failure to appropriate for such purpose, the District has covenanted to provide notice of such fact to the MSRB through EMMA. Absence of continuing disclosure, due to non-appropriation or otherwise, could adversely affect the Bonds, specifically their market price and transferability.

The District has implemented procedures to facilitate compliance with existing continuing disclosure undertakings, the continuing disclosure undertaking related to the Bonds and future similar continuing disclosure undertakings in all material respects.

GENERAL PURPOSE FINANCIAL STATEMENTS

The annual comprehensive financial report of the District for the fiscal year ended June 30, 2025, a copy of which is included in APPENDIX C – "THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" of this Official Statement, includes the District's financial statements for the fiscal year ended June 30, 2025 that were audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm, to the extent indicated in its report thereon. **The District has not requested the consent of Heinfeld, Meech & Co., P.C. to include its report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its report on the financial statements.**

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX C OF THIS OFFICIAL STATEMENT ARE CURRENT AS OF THEIR DATE ONLY AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE DISTRICT.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are "forward looking statements" that must be read with an abundance of caution and that may not be realized or may not occur in the future. All financial and other information in this Official Statement has been derived by the District from official records and other sources and is believed by the District to be accurate and reliable. Information other than that obtained from official records of the District has been identified by source and has not been independently confirmed or verified by the District and its accuracy is not guaranteed. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

CATALINA FOOTHILLS UNIFIED SCHOOL DISTRICT NO. 16
OF PIMA COUNTY, ARIZONA

By: ____
President of the Governing Board

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THE DISTRICT –
DISTRICT INFORMATION

General Information

The District was formed in 1931 as a K-8 district, and became a unified school district in 1979. The District encompasses an area of approximately 25 square miles located in the northeastern portion of Pima County, Arizona (the "County"), and has an estimated population of 32,725. The District is bordered on the south by the City of Tucson, Arizona (the "City"), and lies in an unincorporated portion of the County in the foothills of the Santa Catalina Mountains.

Enrollment

The following table illustrates the current and historical average daily membership ("A.D.M.") of the District's student population.

TABLE 2

AVERAGE DAILY MEMBERSHIP
Catalina Foothills Unified School District No. 16

Fiscal Year	A.D.M. *(a)*
2026/27 *(b)*	4,723
2025/26	4,713
2024/25	4,756
2023/24	4,774
2022/23	4,904
2021/22	4,939

(a) *A.D.M. means average daily membership and is computed by taking the average number of students enrolled over the first 100 days of the school year, with students that are concurrently enrolled in Local Education Agencies being counted on a fractional basis for purposes of determining the District's A.D.M.*

(b) *District estimate.*

Source: The Arizona Department of Education and the District.

Facilities

The District currently operates the following schools:

TABLE 3

SCHOOL FACILITIES
Catalina Foothills Unified School District No. 16

Facility	Grade Range
Valley View Early Learning Center	PS – K
Canyon View Elementary School	K – 5
Manzanita Elementary School	K – 5
Sunrise Drive Elementary School	K – 5
Ventana Vista Elementary School	K – 5
Esperero Canyon Middle School	6 – 8
Orange Grove Middle School	6 – 8
Catalina Foothills High School	9 – 12

Administration and Governance

The District has 26 principals and administrators, 315 certified employees and 173 classified support personnel. This provides the District with a student-teacher ratio of approximately 25:1 for elementary schools, 28:1 for middle schools and 30:1 for high schools.

The District is governed by a five-member Governing Board and administered by one Superintendent. The members of the Governing Board of the District are elected at large from the District for four-year terms. The present members of the Governing Board of the District are:

TABLE 4

GOVERNING BOARD
Catalina Foothills Unified School District No. 16

Tom Logue, *President*
Jacquelyn Davoli, *Vice President*
Eileen Jackson, *Member*
Amy Krauss, *Member*
Gina Mehmert, *Member*

APPENDIX B

THE DISTRICT –
FINANCIAL INFORMATION

PROPERTY TAXES

As described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS," the District will be required by law to cause to be levied on all the taxable property in the District a continuing, direct, annual, *ad valorem* property tax sufficient to pay all principal, interest, and costs of administration for the Bonds as the same become due. The State's *ad valorem* property tax levy and collection procedures are summarized under this heading "PROPERTY TAXES."

Taxable Property

Real property and improvements and personal property are either valued by the Assessor of the County or the Arizona Department of Revenue (the "Department of Revenue"). Property valued by the Assessor of the County is referred to as "locally assessed" property and generally encompasses residential, agricultural and traditional commercial and industrial property. Property valued by the Department of Revenue is referred to as "centrally valued" property and generally includes large mine and utility entities.

Locally assessed property is assigned two values: Full Cash Value and Limited Property Value (both as defined herein). Centrally valued property is assigned one value: Full Cash Value.

Full Cash Value

In the context of a specific property parcel, full cash value ("Full Cash Value") is statutorily defined to mean "the value determined as prescribed by statute" or if a statutory method is not prescribed it is "synonymous with market value, which means the estimate of value that is derived annually by using standard appraisal methods and techniques," which generally include the market approach, the cost approach and the income approach. In valuing locally assessed property, the Assessor of the County generally uses a cost approach to value commercial/industrial property and a market approach to value residential property. In valuing centrally valued property, the Department of Revenue begins generally with information provided by taxpayers and then applies procedures provided by State law. State law allows taxpayers to appeal such Full Cash Values by providing evidence of a lower value, which may be based upon another valuation approach. Full Cash Value is used as the ceiling for determining Limited Property Value. Unlike Limited Property Value, increases in Full Cash Value are not limited.

Limited Property Value

In the context of a specific property parcel, limited property value ("Limited Property Value") is a property value determined pursuant to the Arizona Constitution and the Arizona Revised Statutes. Except as described in the next sentence, for locally assessed property in existence in the prior year, Limited Property Value is limited to the lesser of Full Cash Value or an amount 5% greater than Limited Property Value determined for the prior year for such specific property parcel. In the following circumstances, Limited Property Value is established at a level or percentage of Full Cash Value that is comparable to that of other properties of the same or a similar use or classification: property that was erroneously totally or partially omitted from the property tax rolls in the preceding tax year, except as a result of the matters described in this sentence; property for which a change in use has occurred since the preceding tax year and property that has been modified by construction, destruction, or demolition since the preceding valuation year such that the total value of the modification is equal to or greater than 15% of the Full Cash Value. (Limited Property Value of property that has been split, subdivided or consolidated varies depending on when the change occurred.) A separate Limited Property Value is not provided for centrally valued property.

Full Cash Value and Limited Property Value for Taxing Jurisdictions

The Full Cash Value in the context of a taxing jurisdiction is the sum of the Full Cash Value associated with each parcel of property in the jurisdiction. Full Cash Value of the jurisdiction is the basis for determining constitutional and statutory debt limits for certain political subdivisions in Arizona, including the District.

The Limited Property Value in the context of a taxing jurisdiction is the sum of the Limited Property Value associated with each parcel of locally assessed property within the jurisdiction plus the sum of the Full Cash Value associated with each parcel of centrally valued property within the jurisdiction. Limited Property Value of the jurisdiction is used as the basis for levying both primary and secondary taxes. See "Primary Taxes" and "Secondary Taxes" below.

Property Classification and Assessment Ratios

All property, both real and personal, is assigned a classification (defined by property use) and related assessment ratio that is multiplied by the Limited Property Value or Full Cash Value of the property, as applicable, to obtain the "Limited Assessed Property Value" and the "Full Cash Assessed Value," respectively.

The assessment ratios for each property classification are set forth by tax year in the following table.

TABLE 6

Property Tax Assessment Ratios (Tax Year)

Property Classification *(a)*	2022	2023	2024	2025	2026
Mining, utilities, commercial and industrial *(b)*	17.5%	17%	16.5%	16%	15.5%
Agricultural and vacant land	15	15	15	15	15
Owner occupied residential	10	10	10	10	10
Leased or rented residential	10	10	10	10	10
Railroad, private car company and airline flight property *(c)*	15	14	14	13	13

(a) *Additional classes of property exist, but seldom amount to a significant portion of a municipal body's total valuation.*

(b) *The assessment ratio for this property classification will decrease to 15% for tax year 2027 and each tax year thereafter.*

(c) *This percentage is determined annually pursuant to Section 42-15005, Arizona Revised Statutes.*

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue.

Primary Taxes

Per State statute, taxes levied for the maintenance and operation of counties, cities, towns, school districts, community college districts and the State are "primary taxes." Primary taxes are levied against Net Limited Assessed Property Value (as defined herein). "Net Limited Assessed Property Value" is determined by excluding the value of property exempt from taxation from Limited Assessed Property Value of locally assessed property and from Full Cash Assessed Value of centrally valued property and combining the resulting two amounts.

The primary taxes levied by each county, city, town and community college district are constitutionally limited to a maximum increase of 2% over the maximum allowable prior year's levy limit plus any taxes on property not subject to taxation in the preceding year (e.g., new construction and property brought into the jurisdiction because of annexation). The 2% limitation does not apply to primary taxes levied on behalf of school districts.

The combined taxes on owner occupied residential property only, for purposes other than voter-approved bond indebtedness and overrides and certain special district assessments, are constitutionally limited to 1% of the Limited Property Value of such property. This constitutional limitation on the combined tax levies for owner occupied residential property is implemented by reducing the school district's taxes. To offset the effects of reduced school district property taxes, the State compensates the school district by providing additional State aid.

Secondary Taxes

Per State statute, taxes levied for payment of bonds like the Bonds, voter-approved budget overrides, the maintenance and operation of special purpose districts such as sanitary, fire, road improvement, water conservation and career technical education districts, and taxes levied by school districts for qualified desegregation expenditures are "secondary taxes." Like primary taxes, secondary taxes are also levied against Net Limited Assessed Property Value. There is no constitutional or statutory limitation on annual levies for voter-approved bond indebtedness and overrides and certain special district assessments.

Calculating Debt Limitations

Net Full Cash Assessed Value is determined by excluding the value of property exempt from taxation from Full Cash Assessed Value of both locally assessed and centrally valued property and combining the resulting two amounts. Net Full Cash Assessed Value is the basis for determining bonded debt limitations for certain political subdivisions in Arizona, including the District.

Tax Procedures

The State tax year has been defined as the calendar year, notwithstanding the fact that tax procedures begin prior to January 1 of the tax year and continue through May of the succeeding calendar year.

On or before the third Monday in August each year the Board of Supervisors of the County prepares the tax roll setting forth certain valuations by taxing district of all property in the County subject to taxation. The tax roll is then forwarded to the Treasurer. (The Assessor of the County is required to have completed the assessment roll by December 20th of the year prior to the levy. This roll identifies the valuation and classification of each parcel located within the County for the tax year.)

Property owners may file an appeal with the Assessor of the County to request a review of the Assessor of the County's determination of the Full Cash Value and legal classification of their property. Once the appeals process is complete, the Assessor of the County, if necessary, corrects the tax roll based upon the appeal decisions and sends the corrected values to each taxing jurisdiction (cities, school districts, including the District, community colleges and special districts such as fire and health).

With the various budgetary procedures having been completed by the governmental entities, the appropriate tax rate for each jurisdiction is then levied upon each non-exempt parcel of property in order to determine the total tax owed by each property owner. Any subsequent decrease in the value of the tax roll due to appeals through the process described above or other reasons reduces the amount of taxes received by each jurisdiction.

On occasion, it may be determined that a taxpayer or class of taxpayers is due a property tax refund associated with a successful appeal. These refunds may be for a single year or several years and may range widely in amount. Generally, these refunds are paid by the treasurer of the appropriate county with amounts received from the underlying taxing jurisdictions which, in most cases, may levy an additional property tax in the following year to account for that underlying taxing jurisdiction's portion of the taxpayer refund. Importantly, in most cases, taxpayer refunds of this type are not the ultimate burden of the underlying taxing jurisdiction, as the underlying taxing jurisdictions levied a tax in an amount which was based on the approved (i.e., pre-appeal) property tax levy. Refunds do not change the amount of revenue the underlying taxing jurisdictions are eligible to receive for the affected fiscal years, but such refunds do change the distribution of the burden of the property taxes among the taxpayers. This is reconciled by the underlying taxing jurisdictions levying for the refunded amounts in a subsequent year.

The property tax lien on real property attaches on January 1 of the year the tax is levied. Such lien is prior and superior to all other liens and encumbrances on the property subject to such tax except liens or encumbrances held by the State or liens for taxes accruing in any other years. Set forth below is a record of property taxes levied and collected in the District for a portion of the current fiscal year and all of the previous five fiscal years.

TABLE 7

Property Taxes Levied and Collected *(a)*
Catalina Foothills Unified School District No. 16

			Collected to June 30 of Initial Fiscal Year		Cumulative Collections through July 21, 2026	
Fiscal Year	District Tax Rate	District Tax Levy	Amount	% of Levy	Amount	% of Levy
2025/26	$4.6535	$30,797,832	$30,383,842	98.66%	$30,467,567	98.93%
2024/25	4.7555	29,945,223	29,539,132	98.64%	29,874,237	99.76%
2023/24	4.9318	29,577,944	29,196,570	98.71%	29,468,017	99.63%
2022/23	5.0599	29,138,298	28,454,418	97.65%	29,035,560	99.65%
2021/22	5.1980	29,735,607	29,354,805	98.72%	29,690,729	99.85%

(a) *Taxes are collected by the Treasurer. Taxes are levied by the Board of Supervisors of the County as required by the Arizona Revised Statutes. Delinquent taxes are subject to an interest and penalty charge of 16% per annum, which is prorated at a monthly rate of 1.33%. Interest and penalty collections for delinquent taxes are not included in the collection figures above, but are deposited in the County's General Fund. Interest and penalties with respect to the first half tax collections (delinquent November 1) are waived if the full year's taxes are paid by December 31.*

In November 2022, voters in the District authorized the District to continue to exceed its statutorily prescribed maintenance and operations budget limit by an amount not to exceed 13.3% of the prescribed limit. The authorization, which began in fiscal year 2023/24, extends for seven years, although in the sixth (fiscal year 2028/29) and seventh (fiscal year 2029/30) years, the amount by which the prescribed budget limit may be exceeded is limited to 8.9% and 4.4%, respectively. Tax rates for corresponding years include amounts available for this override.

In November 2022, voters in the District authorized the District to exceed its statutorily prescribed capital outlay budget limit by an amount not to exceed $2,000,000 per year. The authorization, which began in fiscal year 2023/24, extends for seven years and expires in fiscal year 2029/30. If voters do not authorize the District to continue to exceed its prescribed district additional assistance by fiscal year 2029/30, then the District will not have the ability to exceed its statutorily prescribed capital outlay budget limit and will have to decrease its budgeted expenditures in fiscal years following 2030/31.

Source: The Office of Budget and Finance of the County.

Delinquent Tax Procedures

The property taxes due the District are billed, along with State and other taxes, each September and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1, respectively. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of each subsequent month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the Treasurer prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the Treasurer to deliver a treasurer's deed to the certificate holder as prescribed by law.

Notwithstanding the foregoing, Chapter 176, Laws of Arizona 2024 (commonly referred to by its original bill number as "SB 1431") revises the redemption and foreclosure process for tax lien certificate holders whereby a delinquent taxpayer may request an entry of judgment directing the sale of the property for excess proceeds. If a delinquent taxpayer requests an excess proceeds sale, and an entry of judgment is granted to direct such excess proceeds sale, a tax lien certificate holder's potential financial return on the subject tax lien eligible for foreclosure may decrease relative to the tax lien certificate holder's potential financial return on such tax lien prior to the enactment of SB 1431. Therefore, in connection with the new excess proceeds sale process instituted by SB 1431, it is reasonable to conclude that bidders at the tax lien sale may be less willing to purchase tax liens. The effective date of SB 1431 was September 14, 2024. In June 2026, the Governor of Arizona signed into law House Bill 2780 ("HB 2780"), a bill intended to provide technical clarifications to the SB 1431 framework, including clarifying sale procedures and the computation of credit bids. The effective date of HB 2780, expected to be codified as Chapter 256, Laws of Arizona 2026, is September 12, 2026. None of the District, the Underwriter or the counsel or agents of any of them, are able to determine or predict what impact, if any, SB 1431, as modified by HB 2780, will have on property tax collections in the District.

In the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code (the "Bankruptcy Code"), the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly non-interest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured, and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect *ad valorem* taxes on property of a taxpayer within the District. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on delinquent property.

When an owner of land or property within the District (a "debtor") files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy is stayed pursuant to the Bankruptcy Code. While the automatic stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of the payment of post-bankruptcy petition tax collections becomes uncertain.

It cannot be determined what impact any deterioration of the financial conditions of any taxpayer, whether or not protection under the Bankruptcy Code is sought, may have on payment of or the secondary market for the Bonds. None of the District, the Underwriter or their respective agents or consultants has undertaken any independent investigation of the operations and financial condition of any taxpayer, nor have they assumed responsibility for the same.

In the event the County is expressly enjoined or prohibited by law from collecting taxes due from any taxpayer, such as may result from the bankruptcy of a taxpayer, any resulting deficiency could be collected in subsequent tax years by adjusting the District's tax rate charged to non-bankrupt taxpayers during such subsequent tax years.

ASSESSED VALUATIONS AND TAX RATES

TABLE 8

Direct and Overlapping Net Limited Assessed Property Values and Tax Rates Per $100 Net Limited Assessed Property Valuation

Overlapping Jurisdiction	2026/27 Net Limited Assessed Property Value	2026/27 Combined Primary and Secondary Tax Rates Per $100 Net Limited Assessed Property Value
State of Arizona	$ 97,490,938,852	None
Pima County	12,350,762,412	$4.2733
Pima County Community College District	12,350,762,412	1.2021
Pima County Fire District Assistance Tax	12,350,762,412	0.0334
Pima County Library District	12,350,762,412	0.5820
Pima County Flood Control District *(a)*	11,380,492,838	0.3407
Central Arizona Water Conservation District *(b)*	12,350,762,412	0.1400
Hidden Valley Fire District	38,650,086	1.0700
Northwest Fire District	1,870,109,831	3.2042
City of Tucson	4,894,404,913	0.9703
Pima County Joint Technical Education District	11,729,587,558	0.0500
Catalina Foothills Unified School District No. 16	822,116,892	4.5303

(a) *The assessed value of the Pima County Flood Control District does not include the personal property assessed valuation of the County.*

(b) *Value shown for the Central Arizona Water Conservation District covers only the County portion of such district.*

Source: *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and Assessor and Office of Budget and Finance of the County.

TABLE 9

Net Limited Assessed Property Value by Property Classification
Catalina Foothills Unified School District No. 16

Class	2026/27	2025/26	2024/25	2023/24	2022/23
Commercial, industrial,utilities & mines	$ 71,529,581	$ 72,390,454	$ 72,808,834	$ 71,165,265	$ 71,841,527
Agricultural and vacant	13,465,130	13,099,969	13,781,416	13,806,943	13,522,493
Residential (owner occupied)	572,052,846	537,293,139	512,110,826	482,565,101	455,540,847
Residential (rental)	163,647,928	161,733,798	150,449,562	146,025,940	144,190,646
Historical property	1,421,407	1,354,882	1,252,036	1,191,683	1,141,295
Totals *(a)*	$ 822,116,892	$ 785,872,242	$ 750,402,674	$ 714,754,932	$ 686,236,808

(a) Totals may not add up due to rounding.

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue and Office of Budget and Finance of the County.

TABLE 10

Net Limited Assessed Property Value of Major Taxpayers
Catalina Foothills Unified School District No. 16

Major Taxpayer *(a)*	2025/26 Net Limited Assessed Property Value	As % of 2025/26 Net Limited Assessed Property Value
SWVP La Paloma LLC	$ 8,140,844	1.04%
Unisource Energy Corp	7,456,675	0.95
LVC Hotel LLC	5,998,596	0.76
Ft Lowell View Delaware LLC	5,334,294	0.68
Southwest Gas Corporation	4,015,949	0.51
HSL Properties	3,885,062	0.49
NA Legends-90 LP	3,319,647	0.42
Plaza Colonial LLC	2,588,052	0.33
Guest Ranch Resort LI LLC	2,295,285	0.29
Capri Tucson Eddy Hotel LLC	2,259,096	0.29
	$ 45,293,500	5.76%

(a) Some of such taxpayers or their parent corporations are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information (collectively, the "Filings") may be inspected, copied and obtained at prescribed rates at the Commission's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549-2736. In addition, the Filings may also be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005. The Filings may also be obtained through the Internet on the Commission's EDGAR database at http://www.sec.gov. No representatives of the District, the Underwriter, Bond Counsel or counsel to the Underwriter have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Source: The Assessor of the County.

TABLE 11

Comparative Net Limited Assessed Property Values

Fiscal Year	Catalina Foothills Unified School District No. 16	City of Tucson	Pima County	State of Arizona
2026/27	$ 822,116,892	$ 7,131,457,719	$ 12,350,762,412	$ 97,490,938,852
2025/26	785,872,242	4,710,466,180	11,808,510,655	92,368,086,849
2024/25	750,402,674	4,542,971,018	11,254,511,170	88,425,625,840
2023/24	714,754,932	4,332,448,523	10,646,893,610	83,026,514,349
2022/23	686,236,808	4,155,637,522	10,132,624,448	78,415,651,030

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue, *Property Tax Rates and Assessed Values*, Arizona Tax Research Association and Office of Budget and Finance of the County.

TABLE 12

Estimated Net Full Cash Value History
Catalina Foothills Unified School District No. 16

Fiscal Year	Estimated Net Full Cash Value *(a)*
2026/27	$ 10,157,964,459
2025/26	9,822,633,826
2024/25	9,646,072,726
2023/24	8,010,885,432
2022/23	6,782,836,976

(a) Estimated Net Full Cash Value is the total market value of the property within the District less the estimated Full Cash Value of property exempt from taxation within the District.

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue.

DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

TABLE 13

Current Year Statistics (For Fiscal Year 2026/27)
Catalina Foothills Unified School District No. 16

Total General Obligation Bonds Outstanding and to be Outstanding	$ 53,910,000**(a)*
Net Limited Assessed Property Value	822,116,892
Net Full Cash Assessed Value	1,055,013,784
Estimated Net Full Cash Value	10,157,964,459

* *Subject to change.*

(a) *Includes the Bonds. See footnotes (b) and (c) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds and previously issued school improvement bonds for State voter authorization and debt limit purposes.*

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue and Assessor and Office of Budget and Finance of the County.

TABLE 14

Direct General Obligation Bonded Debt Outstanding and to be Outstanding
Catalina Foothills Unified School District No. 16

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding and to be Outstanding *(a)*
2014C	$ 6,075,000	School improvements	2027	$ 1,700,000
2016A	7,500,000	School improvements	2032	5,100,000
2018B	9,185,000	School improvements	2035	7,670,000
2020C	4,395,000	School improvements	2035	3,420,000
2023A	13,450,000	School improvements	2042	13,100,000
2025	12,760,000	School improvements	2044	12,760,000
Total General Obligation Bonded Debt Outstanding				$ 43,750,000
Plus: The Bonds				10,160,000*
Total General Obligation Bonded Debt Outstanding and to be Outstanding				$ 53,910,000*

* *Subject to change.*

(a) *Includes the Bonds. See footnotes (b) and (c) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds and previously issued school improvement bonds for State voter authorization and debt limit purposes.*

Constitutional / Statutory Debt Limit / Unused Borrowing Capacity after Bond Issuance
Catalina Foothills Unified School District No. 16

TABLE 15

2026/27 Arizona Constitutional Debt Limitation (30% of Net Full Cash Assessed Value)	$ 316,504,135
Less: Bonds Outstanding and to be Outstanding *(a)*	(53,910,000) *
Less: [Net] Original Issue Premium of the Bonds *(b)*	(340,000) *
Less: Unamortized Original Issue Premium of Prior Bonds *(c)*	(2,494,873)
Unused Constitutional Borrowing Capacity	$ 259,759,262 *

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* *Subject to change.*

(a) *Includes the Bonds.*

(b) *This amount represents premium on the Bonds, which has been or will be deposited into the Bond Building Fund for project cost use, and such amount reduces in equal amount the borrowing capacity of the District under State statutes and the Arizona Constitution and the principal amount of school improvement bonds authorized at the Election (as described under the heading "THE BONDS – Authorization and Purpose"). Such capacity (but not authorization) will be recaptured as premium is amortized.*

(c) *This amount represents certain of the unamortized premium on the District's outstanding bonds issued after August 2016, which amount is treated as described in footnote (b) above.*

TABLE 16

2026/27 Statutory Limitation on Bonds [Greater of 20% of the Net Full Cash Assessed Value ($211,002,756) or $1,500 per student ($7,069,500)]	$ 211,002,756
Less: Class B Bonds Outstanding and to be Outstanding *(a)*	(53,910,000) *
Less: [Net] Original Issue Premium of the Bonds *(b)*	(340,000) *
Less: Unamortized Original Issue Premium of Prior Bonds *(c)*	(2,494,873)
Unused Statutory Borrowing Capacity	$ 154,257,883 *

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* *Subject to change.*

(a) *"Class B" bonds are school district general obligation bonds, like the Bonds, approved by a vote of qualified electors of a school district at an election held from and after December 13, 1998, and subject to the statutory debt limitation indicated in this table. Includes the Bonds.*

(b) *See footnote (b) to TABLE 15 for a description of the treatment of certain proceeds of the Bonds for State voter authorization and debt limit purposes.*

(c) *See footnote (c) to TABLE 15 above.*

TABLE 17

Direct and Overlapping General Obligation Bonded Debt
Catalina Foothills Unified School District No. 16

Overlapping Jurisdiction	General Obligation Bonded Debt *(b)*	Proportion Applicable to the District *(a)* Approximate Percent	Net Debt Amount
State of Arizona	None	0.00	None
Pima County	$180,215,000	6.66	$ 12,002,319
Pima County Community College District	None	6.66	None
Hidden Valley Fire District	None	33.45	None
Northwest Fire District	20,080,000	0.05	10,040
City of Tucson	354,665,000	16.80	59,583,720
Catalina Foothills Unified School District No. 16 *(c)*	53,910,000	100.00	53,910,000*
Net Direct and Overlapping General Obligation Bonded Debt			$ 125,506,079*

(a) *Proportion applicable to the District is computed on the ratio of Net Limited Assessed Property Value for 2025/26.*

(b) *Includes total stated principal amount of general obligation bonds outstanding. Does not include outstanding principal amount of certificates of participation, revenue obligations or loan obligations outstanding for the jurisdictions listed above. Does not include outstanding principal amounts of various County and city improvement districts, as the bonds of these districts are presently being paid from special assessments against property within the various improvement districts.*

Does not include presently authorized but unissued general obligation bonds of such jurisdictions which may be issued in the future as indicated in the following table. Additional bonds may also be authorized by voters within overlapping jurisdictions pursuant to future elections.

Overlapping Jurisdiction	*General Obligation Bonds Authorized but Unissued*
City of Tucson	*$114,000,000*
Catalina Foothills Unified School District No. 16 (d)	*None**

(c) *Includes the Bonds.*

(d) *Reflects reduction in authorization from the Election in connection with the issuance of the Bonds.*

* *Subject to change.*

Source: The various entities, *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue and the Assessor, Office of Budget and Finance and Treasurer.

TABLE 18

Direct and Overlapping General Obligation Bonded Debt Ratios
Catalina Foothills Unified School District No. 16

	Per Capita Bonded Debt Population Estimated @ 32,725	As % of District's 2026/27 Net Limited Assessed Property Value	As % of District's 2026/27 Estimated Net Full Cash Value
Net Direct General Obligation Bonded Debt *(a)**	$1,647.36	6.56%	0.53%
Net Direct and Overlapping General Obligation Debt *(a)**	3,835.17	15.27	1.24

* *Subject to change.*

(a) Includes the Bonds.

Source: *State and County Abstract of the Assessment Roll,* Arizona Department of Revenue, *Property Tax Rates and Assessed Values,* Arizona Tax Research Association, Assessor and Office of Budget and Finance of the County and the U.S. Census Bureau, Small Area Income and Poverty Estimates (SAIPE) Program (data released in January 2026).

TABLE 19

Other Obligations
Catalina Foothills Unified School District No. 16

The District has the following capital payment obligations outstanding.

Item	Payment Amount	Periods Due
Xerox Copiers	$11,193.87	Monthly through August 31, 2028

DISTRICT EMPLOYEE RETIREMENT SYSTEM

Retirement Plan

The District's employees are covered by the Arizona State Retirement System (the "System"), a cost-sharing, multiple-employer defined benefit plan. The annual contribution rates are prescribed to be the rate actuarially determined by the System's actuary, with minimum employer and employee rate requirements of not less than 2.00%. For fiscal year 2026/27, the District's and its employees' contribution has been calculated by the actuary to be 11.98% (11.87% Retirement Pension and Health Insurance Benefit, 0.11% Long Term Disability Income Plan) of payroll amounts. For fiscal year 2025/26, the District's and its employees' contribution was 12.00% (11.86% Retirement Pension and Health Insurance Benefit, 0.14% Long Term Disability Income Plan) of payroll amounts. For fiscal year 2024/25, the District's and its employees' contribution was 12.27% (12.12% Retirement Pension and Health Insurance Benefit, 0.15% Long Term Disability Income Plan) of payroll amounts. See Note 16 in APPENDIX C – "THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" for further discussion of the District and its employees' obligations to the System as of June 30, 2025.

The Governmental Accounting Standards Board ("GASB") adopted GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their "proportionate share" of the plan's net pension liability in their government-wide financial statements. GASB 68 also requires that the cost-sharing employer's pension expense component include its proportionate share of the System's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual contributions and its proportionate share. Both the District and each covered employee contribute to the System. At June 30, 2025, the District reported a liability of $35,435,333 for its proportionate share of the net pension liability under the System. The pension liability was measured as of June 30, 2024. See Note 16 in APPENDIX C – "THE DISTRICT – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025" for further discussion.

Other Post-Employment Benefits

During the year ended June 30, 2018, the District implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). The District is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. GASB 75 addresses reporting by governments that provide OPEB by measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plan. Please refer to APPENDIX C of the Official Statement which includes the District's audited financial statements and specifically "NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

The District currently does not offer any OPEB. The District's employees, their spouses and survivors may be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses also may qualify for retiree health care benefits through the State. Such individuals may obtain the health care benefits offered by the State by paying 100% of the applicable health care insurance premium, net of any subsidy provided by the State. The benefits are available to all retired participants in the State's health care program. The District does not currently make payments for OPEB costs for such retirees.

REVENUES AND EXPENDITURES

The following information of the District was derived from the annual expenditure budget of the District for fiscal years 2025/26 and 2026/27 and the audited financial statements of the District for fiscal years 2020/21 through and including 2024/25. (State law no longer requires school districts to file revenue budgets.) Budgeted figures for fiscal years 2025/26 and 2026/27 are on a cash basis and are presented in the format required by State law. Budgeted figures for fiscal years 2025/26 and 2026/27 are "forward looking" statements that may not be realized during the course of the fiscal year as presented herein and thus must be viewed with an abundance of caution. Audited figures for fiscal years 2020/21 through and including 2024/25 are on a modified accrual basis. The presentation which follows has not been independently subject to any audit procedures.

The following information should be read in conjunction with the audited financial statements of the District. **See APPENDIX C for the District's most recent audited general purpose financial statements, which are for fiscal year ended June 30, 2025.** Such audited financial statements are the most recent available for the District, are not current and therefore must be considered with an abundance of caution. **The District has not requested the consent of Heinfeld, Meech & Co., P.C. to include its report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its report on the financial statements.**

TABLE 20

General Fund
Catalina Foothills Unified School District No. 16

	Budgeted 2026/27	Budgeted 2025/26	Audited 2024/25	2023/24	2022/23 *(a)*	2021/22	2020/21
FUND BALANCE AT BEGINNING OF YEAR			$ 22,049,729	$ 22,491,483	$ 20,528,303	$ 9,867,669	$ 9,607,260
REVENUES							
Other local			$ 1,877,936	$ 2,265,062	$ 1,856,265	$ 1,794,683	$ 1,108,097
Property taxes			24,845,019	24,769,041	24,569,677	23,237,061	22,648,197
State aid and grants			19,302,219	19,791,468	17,500,863	12,286,114	10,851,923
Federal aid, grants and reimbursements			-	-	-	-	90,655
TOTAL REVENUES			$ 46,025,174	$ 46,825,571	$ 43,926,805	$ 37,317,858	$ 34,698,872
ADJUSTMENTS							
Transfers in/(out)			$ 18,413	$ 17,695	$ 49,668	$ 36,877	$ 82,708
Insurance recoveries			5,777	203,172	30,542	63,036	8,613
Increase/(decrease) in reserve for prepaid items			-	-	-	647,608	(27,477)
Financed purchase agreements			-	-	2,869,437	-	-
Lease agreements			28,561	369,250	-	-	-
TOTAL FUNDS AVAILABLE FOR EXPENDITURES			$ 68,127,654	$ 69,907,171	$ 67,404,755	$ 47,933,048	$ 44,369,976
EXPENDITURES							
Current							
Instruction	$ 24,113,136	$ 22,809,776	$ 21,092,636	$ 20,698,219	$ 19,479,699	$ 19,057,735	$ 19,773,735
Support services - students and staff	4,737,196	4,792,426	4,890,250	5,039,825	4,494,987	3,949,762	3,762,005
Support services - administration	3,797,800	3,588,500	5,479,067	5,418,748	5,071,577	4,552,588	5,083,734
Operation and maintenance of plant services	6,116,950	6,084,900	6,660,773	6,020,534	6,294,948	5,760,561	4,251,462
Central services	2,228,188	2,124,850	-	-	-	-	-
Student transportation services	2,198,000	2,270,251	2,184,456	2,136,870	2,271,181	2,048,706	689,552
Operation of noninstructional services	19,000	47,850	97,540	154,917	63,758	90,501	679,665
School-sponsored athletics	188,000	197,700	-	-	-	-	-
K-3 reading program	214,748	216,211	-	-	-	-	-
Capital outlay	-	-	3,029,857	6,366,981	7,057,063	777,712	262,154
Principal retirement	-	-	557,139	1,965,416	177,854	-	-
Interest and fiscal charges	-	-	72,520	55,932	2,205	-	-
TOTAL EXPENDITURES	$ 43,613,018	$ 42,132,464	$ 44,064,238	$ 47,857,442	$ 44,913,272	$ 36,237,565	$ 34,502,307
FUND BALANCE AT END OF YEAR			**$ 24,063,416**	**$ 22,049,729**	**$ 22,491,483**	**$ 11,695,483**	**$ 9,867,669**

(a) For fiscal year ending June 30, 2023, the District's auditor began including the Unrestricted Capital Outlay Fund as part of the District's General Fund, resulting in an adjustment to the District's General Fund beginning balance.

TABLE 21

Debt Service Fund
Catalina Foothills Unified School District No. 16

	Budgeted 2026/27	Budgeted 2025/26	Audited 2024/25	Audited 2023/24	Audited 2022/23	Audited 2021/22	Audited 2020/21
FUND BALANCE AT BEGINNING OF YEAR			$ 1,829,306	$ 1,464,858	$ 690,798	$ 613,271	$ 501,200
REVENUES							
Other local			$ 71,651	$ 109,229	$ 26,986	$ 2,845	$ 735
Property taxes			4,963,752	4,728,198	4,525,757	4,467,835	4,447,671
TOTAL REVENUES			$ 5,035,403	$ 4,837,427	$ 4,552,743	$ 4,470,680	$ 4,448,406
ADJUSTMENTS							
Transfers in/(out)			$ 406,406	$ 578,544	$ 171,918	$ 3,152	$ 5,104
Issuance of refunding bonds			-	-	-	-	2,800,000
Premium on sale of bonds			-	-	-	-	130,736
Payment to refunded bond escrow agent			-	-	-	-	(2,856,000)
TOTAL FUNDS AVAILABLE FOR EXPENDITURES			$ 7,271,115	$ 6,880,829	$ 5,415,459	$ 5,087,103	$ 5,029,446
EXPENDITURES							
Debt service:	$ 5,370,250	$ 5,165,823					
Principal retirement			$ 3,195,000	$ 3,315,000	$ 2,855,000	$ 3,190,000	$ 3,045,000
Interest, premium and fiscal charges			1,520,240	1,736,523	1,095,601	1,206,305	1,320,320
Bond issuance costs			-	-	-	-	50,855
TOTAL EXPENDITURES	$ 5,370,250	$ 5,165,823	$ 4,715,240	$ 5,051,523	$ 3,950,601	$ 4,396,305	$ 4,416,175
FUND BALANCE AT END OF YEAR			**$ 2,555,875**	**$ 1,829,306**	**$ 1,464,858**	**$ 690,798**	**$ 613,271**

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APPENDIX C

THE DISTRICT

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The following audited financial statements are for the fiscal year ended June 30, 2025. These are the most recent audited financial statements available to the District. THESE FINANCIAL STATEMENTS ARE NOT CURRENT AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE DISTRICT. See "REVENUES AND EXPENDITURES" in APPENDIX B.

Such audited financial statements are the most recent available for the District, are not current and therefore must be considered with an abundance of caution. **The District has not requested the consent of Heinfeld, Meech & Co., P.C. to include its report and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its report on the financial statements.**

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Independent Auditor's Report

Governing Board
Catalina Foothills Unified School District No. 16

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Catalina Foothills Unified School District No. 16 (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Catalina Foothills Unified School District No. 16, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Catalina Foothills Unified School District No. 16 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and net pension liability information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information
Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025, on our consideration of Catalina Foothills Unified School District No. 16's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Catalina Foothills Unified School District No. 16's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catalina Foothills Unified School District No. 16's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
December 11, 2025

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Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

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As management of the Catalina Foothills Unified School District No. 16 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The District's total net position of governmental activities increased $5.2 million which represents a 10 percent increase from the prior fiscal year primarily due to overall revenues exceeding expenses.

- General revenues accounted for $56.1 million in revenue, or 79 percent of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for $15.1 million or 21 percent of total current fiscal year revenues.

- The District had approximately $65.9 million in expenses related to governmental activities, an increase of one percent from the prior fiscal year.

- Among major funds, the General Fund had $46.0 million current fiscal year revenues, which primarily consisted of state aid and property taxes, and $44.1 million in expenditures. The General Fund's fund balance increased from $22.5 million at the prior fiscal year end, to $24.1 million at the end of the current fiscal year due to decreased capital expenditures as larger projects were completed.

- The Bond Buildings Fund's fund balance increased from $3.5 million in the prior year to $12.7 million at the end of the current fiscal year due primarily to the issuance of school improvement bonds.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Overview of Financial Statements

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, operation and maintenance of plant services, student transportation services, operation of non-instructional services, and interest on long-term debt.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are reported as governmental funds.

> **Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.
>
> Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Overview of Financial Statements

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Bond Building, and Other Capital Projects Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. The District adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund as required supplementary information. Schedules for the pension plan have been provided as required supplementary information.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $56.7 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors.

Government-Wide Financial Analysis

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2025 and June 30, 2024.

	As of June 30, 2025	As of June 30, 2024
Current and other assets	$ 57,877,756	$ 46,961,984
Capital assets, net	90,996,408	87,785,879
Total assets	148,874,164	134,747,863
Deferred outflows	5,910,430	4,600,574
Current liabilities	5,170,485	5,291,605
Long-term liabilities	87,850,633	77,966,012
Total liabilities	93,021,118	83,257,617
Deferred inflows	5,066,281	4,633,466
Net position:		
Net investment in capital assets	51,836,488	50,016,777
Restricted	17,361,445	16,536,435
Unrestricted	(12,500,738)	(15,095,858)
Total net position	$ 56,697,195	$ 51,457,354

At the end of the current fiscal year, the District reported a negative unrestricted net position of $12.5 million as a result of an unfunded pension liability. Positive net position was reported in the other two categories. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

- The principal retirement of $3.2 million of bonds and $330,311 of bond premium.
- The issuance of $12.8 million in school improvement bonds and $548,510 in related premium.
- The principal retirement of $557,139 in financed purchases and leases.
- The decrease of $767,414 in pension liabilities and the increase of $1.4 million in pension deferred outflows of resources.
- The addition of $7.9 million in capital assets through school improvements and purchases of vehicles, furniture, and equipment of which $24,158 was leased.
- The depreciation of $4.7 million of capital assets.

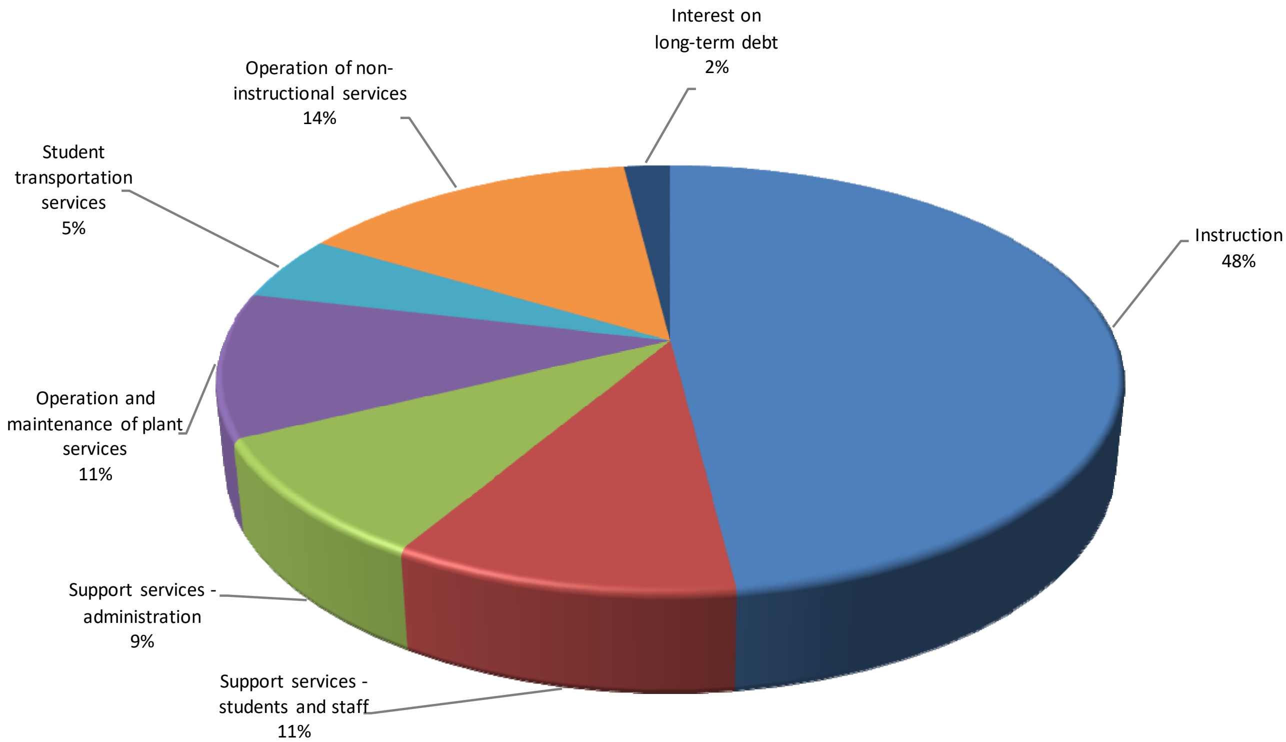
Government-Wide Financial Analysis

Changes in net position. The District's total revenues for the current fiscal year were $71.1 million. The total cost of all programs and services was $65.9 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2025 and June 30, 2024.

	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2024
Revenues:		
Program revenues:		
Charges for services	$ 8,919,752	$ 9,477,446
Operating grants and contributions	3,135,773	4,400,850
Capital grants and contributions	3,007,417	764,982
General revenues:		
Property taxes	29,898,382	29,001,334
Investment income	1,703,833	2,047,821
Unrestricted state aid	24,467,565	24,857,433
Total revenues	71,132,722	70,549,866
Expenses:		
Instruction	31,646,992	32,082,097
Support services - students and staff	6,926,757	7,133,021
Support services - administration	6,062,722	6,223,736
Operation and maintenance of plant services	7,198,856	6,614,507
Student transportation services	3,260,061	3,418,814
Operation of non-instructional services	9,517,889	8,390,569
Interest on long-term debt	1,279,604	1,496,637
Total expenses	65,892,881	65,359,381
Changes in net position	5,239,841	5,190,485
Net position, beginning	51,457,354	46,266,869
Net position, ending	$ 56,697,195	$ 51,457,354

Government-Wide Financial Analysis

Expenses - Fiscal Year 2025



The following are significant current year transactions that have had an impact on the change in net position.

- The increase of $2.2 million in capital grants and contributions was primarily due to the completion of various weatherization projects funded by the School Facilities Oversight Board Building Renewal Grant.
- The decrease of $1.3 million in operating grants and contributions was primarily due to the end of COVID related grant funding.

Government-Wide Financial Analysis

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

	Year Ended June 30, 2025		Year Ended June 30, 2024	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Instruction	$ 31,646,992	$ (28,543,113)	$ 32,082,097	$ (28,135,154)
Support services - students and staff	6,926,757	(5,339,328)	7,133,021	(4,549,874)
Support services - administration	6,062,722	(6,020,316)	6,223,736	(6,159,041)
Operation and maintenance of plant services	7,198,856	(4,021,249)	6,614,507	(5,599,213)
Student transportation services	3,260,061	(3,111,137)	3,418,814	(3,405,945)
Operation of non-instructional services	9,517,889	(2,515,192)	8,390,569	(1,370,239)
Interest on long-term debt	1,279,604	(1,279,604)	1,496,637	(1,496,637)
Total	$ 65,892,881	$ (50,829,939)	$ 65,359,381	$ (50,716,103)

- The cost of all governmental activities this year was $65.9 million.
- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of $15.1 million.
- Net cost of governmental activities of $50.8 million was financed by general revenues, which are made up of primarily property taxes of $29.9 million and state aid of $24.5 million. Investment earnings accounted for $1.7 million of funding.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of $48.9 million, an increase of $11.3 million due primarily to the issuance of $13.3 million in school improvement bonds and related premium.

The General Fund comprises 49 percent of the total fund balance. Approximately $19.6 million, or 82 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. The increase in fund balance of $2.0 million to $24.1 million as of fiscal year end was a result of decreased capital expenditures as larger projects were completed. General Fund revenues decreased $800,397. General Fund expenditures decreased $3.8 million as a result of decreased capital expenditures as larger projects were completed.

The Bond Building Fund's fund balance increased $9.2 million at fiscal year-end due to the issuance of school improvement bonds. Bond Building Fund revenues decreased $284,998 and expenditures decreased $6.1 million primarily as a result of prior year expenditures related to District-wide security upgrades and the purchase of nine buses.

The Other Capital Projects Fund's fund balance increased $291,827 to a deficit of $40,934 as of the current fiscal year due to timing of grant reimbursements. The Other Capital Projects Fund's revenues increased $2.5 million due to increased School Facilities Oversight Board reimbursements during the fiscal year, and expenditures increased $2.0 million due to various weatherization projects.

Budgetary Highlights

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a $617,077 increase, or one percent.

Significant variances for the final amended budget and actual revenues resulted from the District not being required by the State of Arizona to prepare a revenue budget. A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant favorable variance of $3.1 million in instruction was a result of budgeted carryforward dollars, contingency and favorable variances to budget.

Capital Assets and Debt Administration

Capital Assets. At year end, the District had invested $153.4 million in capital assets, including school buildings, athletic facilities, buses and other vehicles, computers, and other equipment. This amount represents a net increase prior to depreciation of $7.2 million from the prior fiscal year, primarily due to continued building improvement and District security upgrade projects. Total depreciation expense for the current fiscal year was $4.7 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2025 and June 30, 2024.

	As of June 30, 2025	As of June 30, 2024
Capital assets - non-depreciable	$ 6,231,551	$ 12,494,642
Capital assets - depreciable, net	84,764,857	75,291,237
Total	$ 90,996,408	$ 87,785,879

The estimated cost to complete current construction projects is $48.0 million.

Additional information on the District's capital assets can be found in Note 7.

Debt Administration. At year end, the District had $50.6 million in long-term debt outstanding, $3.7 million due within one year. Long-term debt increased by $9.3 million due to the issuance of $13.3 million in school improvement bonds and related premium.

The District's general obligation bonds are subject to two limits; the Constitutional debt limit (total debt limit) on all general obligation bonds (up to 30 percent of the total net full cash assessed valuation) and the statutory debt limit on Class B bonds (the greater of 20 percent of the net full cash assessed valuation or $1,500 per student). The current total debt limitation for the District is $303.3 million and the Class B debt limit is $202.2 million, which are more than the District's total outstanding general obligation and Class B debt, respectively.

Additional information on the District's long-term debt can be found in Notes 8 through 11.

Economic Factors and Next Year's Budget and Rates

Many factors were considered by the District's administration during the process of developing the fiscal year 2025-26 budget. Among them:

- Fiscal year 2024-25 budget balance carry forward (estimated $2.0 million).
- District student population (estimated 4,574).

Economic Factors and Next Year's Budget and Rates

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund decreased two percent to $42.1 million in fiscal year 2025-26. No new programs were added to the 2025-26 budget.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Business and Finance Department, Catalina Foothills Unified School District No. 16, 2101 East River Road, Tucson, Arizona 85718-6597.

Basic Financial Statements

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Government-Wide Financial Statements

Catalina Foothills Unified School District No. 16
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Current assets:	
Cash and investments	$ 47,717,893
Property taxes receivable	399,539
Accounts receivable	101,316
Due from governmental entities	5,481,457
Prepaid items	754,505
Leases receivable	2,141,055
Total current assets	56,595,765
Noncurrent assets:	
Net other postemployment benefit plan assets	1,281,991
Capital assets not being depreciated	6,231,551
Capital assets, net accumulated depreciation	84,764,857
Total noncurrent assets	92,278,399
Total assets	148,874,164
Deferred outflows of resources	
Pension plan items	5,835,035
Other postemployment benefit plan items	75,395
Total deferred outflows of resources	5,910,430
Liabilities	
Current liabilities:	
Accounts payable	2,222,391
Accrued payroll and employee benefits	2,948,094
Compensated absences payable	65,878
Financed purchases payable	501,066
Leases payable	78,020
Bonds payable	3,085,000
Total current liabilities	8,900,449
Noncurrent liabilities:	
Non-current portion of long-term obligations	84,120,669
Total noncurrent liabilities	84,120,669
Total liabilities	93,021,118
Deferred inflows of resources	
Deferred charge on refunding	6,525
Pension plan items	2,652,202
Other postemployment benefit plan items	410,974
Leases	1,996,580
Total deferred inflows of resources	5,066,281
Net position	
Net investment in capital assets	51,836,488
Restricted for:	
Instruction	5,363,233
Food service	928,664
Non-instructional purposes	3,494,984
Debt service	2,596,552
Capital outlay	3,696,021
Other postemployment benefit plan assets	1,281,991
Unrestricted	(12,500,738)
Total net position	$ 56,697,195

The notes to the basic financial statements are an integral part of this statement.

Catalina Foothills Unified School District No. 16
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenue			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental activities					
Instruction	$ 31,646,992	$ 1,292,138	$ 1,757,120	$ 54,621	$ (28,543,113)
Support services - students and staff	6,926,757	990,480	596,949		(5,339,328)
Support services - administration	6,062,722	75	42,331		(6,020,316)
Operation and maintenance of plant services	7,198,856	135,428	240,568	2,801,611	(4,021,249)
Student transportation services	3,260,061	148,667	257		(3,111,137)
Operation of non-instructional services	9,517,889	6,352,964	498,548	151,185	(2,515,192)
Interest on long-term debt	1,279,604				(1,279,604)
Total governmental activities	$ 65,892,881	$ 8,919,752	$ 3,135,773	$ 3,007,417	(50,829,939)

General revenues	
Property taxes	29,898,382
Investment income	1,703,833
Unrestricted state aid	24,467,565
Total general revenues	56,069,780
Changes in net position	5,239,841
Net position, beginning of year	51,457,354
Net position, end of year	$ 56,697,195

The notes to the basic financial statements are an integral part of this statement.

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Fund Financial Statements

Catalina Foothills Unified School District No. 16
Balance Sheet
Governmental Funds
June 30, 2025

	General	Bond Building	Other Capital Projects	Non-Major Governmental Funds
Assets				
Cash and investments	$ 21,776,180	$ 13,199,326	$ 181,661	$ 12,560,726
Property taxes receivable	337,119			62,420
Accounts receivable				101,316
Due from governmental entities	4,012,448		621,495	847,514
Prepaid items	754,505			
Leases receivable	2,141,055			
Total assets	$ 29,021,307	$ 13,199,326	$ 803,156	$ 13,571,976
Liabilities				
Accounts payable	$ 592,722	$ 462,632	$ 844,090	$ 322,947
Accrued payroll and employee benefits	2,083,845			864,249
Total liabilities	2,676,567	462,632	844,090	1,187,196
Deferred inflows of resources				
Unavailable revenues - property taxes	284,744			40,677
Unavailable revenues - intergovernmental				220,277
Leases	1,996,580			
Total deferred inflows of resources	2,281,324			260,954
Fund balances				
Nonspendable	754,505			
Restricted	3,694,674	12,736,694		12,123,826
Unassigned	19,614,237		(40,934)	
Total fund balances	24,063,416	12,736,694	(40,934)	12,123,826
Total liabilities, deferred inflows of resources and fund balances	$ 29,021,307	$ 13,199,326	$ 803,156	$ 13,571,976

The notes to the basic financial statements are an integral part of this statement.

Total Governmental Funds
$ 47,717,893
399,539
101,316
5,481,457
754,505
2,141,055
$ 56,595,765
$ 2,222,391
2,948,094
5,170,485
325,421
220,277
1,996,580
2,542,278
754,505
28,555,194
19,573,303
48,883,002
$ 56,595,765

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Catalina Foothills Unified School District No. 16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances - governmental funds		**$ 48,883,002**
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 153,384,010	
Less accumulated depreciation	(62,387,602)	
		90,996,408
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.		
Property taxes	325,421	
Intergovernmental	220,277	
		545,698
The net OPEB assets are not a current financial resource and, therefore, are not reported in the funds.		1,281,991
Deferred items related to the refunding of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.		(6,525)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions/OPEB	5,910,430	
Deferred inflows of resources related to pensions/OPEB	(3,063,176)	
		2,847,254
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(1,831,933)	
Financed purchases payable	(501,066)	
Leases payable	(272,974)	
Bonds payable	(49,809,327)	
Net pension liability	(35,435,333)	
		(87,850,633)
Net position of governmental activities		**$ 56,697,195**

The notes to the basic financial statements are an integral part of this statement.

Catalina Foothills Unified School District No. 16
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General	Other Special Revenue	Bond Building	Other Capital Projects
Revenues				
Other local	$ 1,877,936	$	$ 293,547	$
Property taxes	24,845,019			
State aid and grants	19,302,219			3,074,937
Federal aid, grants and reimbursements				
Total revenues	46,025,174		293,547	3,074,937
Expenditures				
Current:				
Instruction	21,092,636			
Support services - students and staff	4,890,250			
Support services - administration	5,479,067			
Operation and maintenance of plant services	6,660,773			
Student transportation services	2,184,456			
Operation of non-instructional services	97,540			
Capital outlay	3,029,857		3,766,761	2,783,110
Debt service:				
Principal retirement	557,139			
Interest and fiscal charges	72,520			
Bond issuance costs			241,210	
Total expenditures	44,064,238		4,007,971	2,783,110
Excess (deficiency) of revenues over expenditures	1,960,936		(3,714,424)	291,827
Other financing sources (uses)				
Transfers in	18,413			
Transfers out			(406,406)	
Issuance of school improvement bonds			12,760,000	
Premium on sale of bonds			548,510	
Lease agreements	28,561			
Insurance recoveries	5,777			
Total other financing sources (uses)	52,751		12,902,104	
Changes in fund balances	2,013,687		9,187,680	291,827
Fund balances, beginning of year, previously reported	22,049,729	5,075,174	3,549,014	(332,761)
Adjustments to beginning fund balances		(5,075,174)		
Fund balances, beginning of year, as restated	22,049,729		3,549,014	(332,761)
Fund balances, end of year	$ 24,063,416	$	$ 12,736,694	$ (40,934)

The notes to the basic financial statements are an integral part of this statement.

Non-Major Governmental Funds	Total Governmental Funds
$ 8,916,610	$ 11,088,093
4,963,752	29,808,771
5,383,856	27,761,012
2,705,693	2,705,693
21,969,911	71,363,569
8,170,410	29,263,046
1,964,483	6,854,733
63,199	5,542,266
316,770	6,977,543
92,402	2,276,858
6,434,274	6,531,814
783,625	10,363,353
3,195,000	3,752,139
1,520,240	1,592,760
	241,210
22,540,403	73,395,722
(570,492)	(2,032,153)
406,406	424,819
(18,413)	(424,819)
	12,760,000
	548,510
	28,561
	5,777
387,993	13,342,848
(182,499)	11,310,695
7,231,151	37,572,307
5,075,174	
12,306,325	37,572,307
$ 12,123,826	$ 48,883,002

Catalina Foothills Unified School District No. 16
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Changes in fund balances - total governmental funds		**$ 11,310,695**
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capitalized assets	$ 7,932,939	
Less current year depreciation	(4,657,088)	
		3,275,851
Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.		
Issuance of school improvement bonds	(12,760,000)	
Lease agreements	(28,561)	
		(12,788,561)
Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	89,612	
Intergovernmental	(326,236)	
		(236,624)
Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Financed purchase principal retirement	485,691	
Lease principal retirement	71,448	
Bond principal retirement	3,195,000	
		3,752,139
Governmental funds report pension/OPEB contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability/OPEB asset, adjusted for deferred items, is reported as pension/OPEB expense in the Statement of Activities.		
Current year pension/OPEB contributions	3,879,474	
Pension/OPEB expense	(2,255,043)	
		1,624,431
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Deferred bond items on issuance of refunding debt	(548,510)	
Loss on disposal of assets	(65,322)	
Amortization of deferred bond items	313,156	
Compensated absences	(1,397,414)	
		(1,698,090)
Changes in net position in governmental activities		**$ 5,239,841**

The notes to the basic financial statements are an integral part of this statement.

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Catalina Foothills Unified School District No. 16 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences. Liabilities are recognized for leave that has not been used, as well as leave that has been used but not yet paid in cash or settled through noncash means. The District’s analysis of compensated absences in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

The more significant of the District’s accounting policies are described below.

A. Reporting Entity

The Governing Board is organized under Section 15-321 of the Arizona Revised Statutes (A.R.S.). Management of the District is independent of other state or local governments. The County Treasurer collects taxes for the District, but exercises no control over its expenditures/expenses.

The membership of the Governing Board consists of five members elected by the public. Under existing statutes, the Governing Board’s duties and powers include, but are not limited to, the acquisition, maintenance and disposition of school property; the development and adoption of a school program; and the establishment, organization and operation of schools.

The Board also has broad financial responsibilities, including the approval of the annual budget, and the establishment of a system of accounting and budgetary controls.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the financial activity of those organizational entities for which its elected governing board is financially accountable. The District’s major operations include education, student transportation, construction and maintenance of District facilities, food services, bookstore, and athletic functions.

Note 1 – Summary of Significant Accounting Policies

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the District. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities or fiduciary activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to programs of functions. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, unrestricted state aid, and other items not included among program revenues are reported instead as general revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects in interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

Fund Financial Statements – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

Note 1 – Summary of Significant Accounting Policies

Property taxes, state aid, tuition and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Food services and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes and other receivables that will not be collected within the available period have been reported as unavailable revenues on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund. It accounts for all resources used to finance District maintenance and operation except those required to be accounted for in other funds. The General Fund includes the District's Maintenance and Operation Fund and the Unrestricted Capital Outlay Fund as well as other funds that do not meet the criteria for separate reporting in the financial statements.

Bond Building – The Bond Building Fund accounts for proceeds from District bond issues that are expended on the acquisition or lease of sites; construction or renovation of school buildings; supplying school buildings with furniture, equipment, and technology; improving school grounds; or purchasing pupil transportation vehicles.

Other Capital Projects - The Other Capital Projects Fund accounts for the revenues and expenditures of other capital projects activities, including the following: condemnation, energy and water savings, and building renewal grant.

Note 1 – Summary of Significant Accounting Policies

D. Cash and Investments

A.R.S. require the District to deposit all cash with the County Treasurer, except as discussed below. Cash with the County Treasurer is pooled for investment purposes, except for cash of the Debt Service and Bond Building Funds that may be invested separately. Interest earned from investments purchased with pooled monies is allocated to each of the District's funds based on their average balances. As required by statute, interest earnings of the Bond Building Fund are recorded initially in that fund, but then transferred to the Debt Service Fund. All investments are stated at fair value.

Statute authorizes the District to separately invest monies of the Bond Building and Debt Service Funds in the State Treasurer's investment pools; obligations issued and guaranteed by the United States or any of its agencies or instrumentalities; specified state and local government bonds and notes; and interest bearing savings accounts or certificates of deposit.

Statute authorizes the District to deposit monies of the Auxiliary Operations and Student Activities Funds in bank accounts. Monies in these funds may also be invested. In addition, statute authorizes the District to maintain various bank accounts such as clearing accounts to temporarily deposit receipts before they are transmitted to the County Treasurer; revolving accounts to pay minor disbursements; and withholdings accounts for taxes and employee insurance programs. Some of these bank accounts may be interest bearing.

Statute does not include any requirements for credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Arizona statute requires a pooled collateral program for public deposits and a Statewide Collateral Pool Administrator (Administrator) in the State Treasurer's Office. The purpose of the pooled collateral program is to ensure that governmental entities' public deposits placed in participating depositories are secured with collateral of 102 percent of the public deposits, less any applicable federal depository insurance. An eligible depository may not retain or accept any public deposit unless it has deposited the required collateral with a qualified escrow agent or the Administrator. The Administrator manages the pooled collateral program, including reporting on each depository's compliance with the program.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is included in other local revenue in the fund financial statements.

Note 1 – Summary of Significant Accounting Policies

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

G. Property Tax Calendar

The County Treasurer is responsible for collecting property taxes for all governmental entities within the county. The county levies real and personal property taxes on or before the third Monday in August, that become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however, according to case law, an enforceable legal claim to the asset does not arise.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Capital Assets

Capital assets, which include land and improvements; buildings and improvements; vehicles, furniture, and equipment; construction in progress; and intangible right-to-use assets, are reported in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost in excess of $5,000 and an estimated useful life of more than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Note 1 – Summary of Significant Accounting Policies

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. Intangible right-to use assets are amortized over the shorter of the lease term or the underlying asset's useful life. Amortization of right-to-use assets is included with depreciation expense. The estimated useful lives and amortization periods are as follows:

Land improvements	5 – 20 years
Buildings and improvements	5 – 70 years
Vehicles, furniture and equipment	5 – 30 years
Intangible right-to use assets	2 – 4 years

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

K. Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered more likely than not to be used or paid are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements.

L. Leases

As lessor, the District recognizes lease receivables with an initial, individual value of $5,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the District charges the lessee) and the implicit rate cannot be determined, the District uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The District's estimated incremental borrowing rate is calculated based on the applicable federal rate.

Note 1 – Summary of Significant Accounting Policies

As lessee, the District recognizes lease liabilities with an initial, individual value of $5,000 or more. The District uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The District's estimated incremental borrowing rate is based on the applicable federal rate.

M. Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability and other postemployment benefit (OPEB) assets, related deferred outflows of resources and deferred inflows of resources, and related expenses, information about the pension and OPEB plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Deferred amounts on refunding result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses in governmental funds.

Note 1 – Summary of Significant Accounting Policies

P. Net Position Flow Assumption

In the government-wide financial statements the District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

Q. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 – Fund Balance Classifications

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Governing Board. Those committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. No committed fund balance amounts are reported.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Governing Board or a management official delegated that authority by the formal Governing Board action. No assigned fund balance amounts are reported.

Note 2 – Fund Balance Classifications

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the District's fund balance classifications at year end.

	General	Bond Building	Other Capital Projects	Non-Major Governmental Funds
Fund Balances:				
Nonspendable:				
Prepaid items	$ 754,505	$	$	$
Restricted:				
Debt service				2,555,875
Capital projects	3,694,674			1,347
Bond building projects		12,736,694		
Voter approved initiatives				2,871,980
Federal and state projects				750,741
Food service				928,664
Civic center				275,455
Community schools				3,213,083
Extracurricular activities				599,276
Gifts and donations				396,716
Student activities				228,472
Career Technical Education				238,617
Other purposes				63,600
Unassigned	19,614,237		(40,934)	
Total fund balances	$ 24,063,416	$ 12,736,694	$ (40,934)	$ 12,123,826

Note 3 – Stewardship, Compliance and Accountability

Individual Deficit Fund Balance – At year end, the Other Capital Projects Fund reported a deficit of $40,934 in fund balance.

The deficit arose because of operations during the year and because of pending grant reimbursements. Additional revenues received in fiscal year 2025-26 are expected to eliminate the deficit.

Excess Expenditures Over Budget – At year end, the District had expenditures in funds that exceeded the budgets, however, this does not constitute a violation of any legal provisions.

Note 4 – Cash and Investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the District's deposits may not be returned to the District. The District does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the District's deposits was $2.2 million, and the bank balance was $3.7 million. At year end, $3.5 million of the District's deposits were covered by collateral held by the pledging financial institution's trust department or agent but not in the District's name.

Fair Value Measurements. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets
- Level 2 inputs are significant other observable inputs
- Level 3 inputs are significant unobservable inputs

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools as an investment company are not registered with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

The County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participant's position in the County Treasurer investment pool approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

Note 4 – Cash and Investments

At year end, the District's investments consisted of the following:

	Average Maturities	Fair Value
County Treasurer's investment pool	92 days	$ 30,894,798
State Treasurer's investment pool 7	26 days	14,643,947
Total		$ 45,538,745

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The District has no investment policy that would further limit its investment choices. At year end, the District's investment in the County Treasurer's investment pool did not receive a credit quality rating from a national rating agency. The State Treasurer's Local Government Investment Pool 7 was rated AAA by Moody's at year end.

Custodial Credit Risk – Investments. The District's investment in the State and County Treasurer's investment pools represents a proportionate interest in the pool's portfolio; however, the District's portion is not identified with specific investments and is not subject to custodial credit risk.

Note 5 – Receivables

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of due from governmental entities. Due from governmental entities, net of allowance for uncollectibles, as of year end for the District's individual major funds and non-major governmental funds in the aggregate were as follows:

	General	Other Capital Projects	Non-Major Governmental Funds
Due from other governmental entities:			
Due from federal government	$	$	$ 476,882
Due from state government	4,012,448	621,495	205,201
Due from other districts			165,431
Net due from governmental entities	$ 4,012,448	$ 621,495	$ 847,514

Note 6 – Leases Receivable

The District leases land under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Lease revenue of $158,434 and related interest revenue of $11,369 are recorded as other local revenue in the General Fund.

Note 7 – Capital Assets

A summary of capital asset activity for the current fiscal year follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	$ 3,236,013	$	$	$ 3,236,013
Construction in progress	9,258,629	4,592,523	10,855,614	2,995,538
Total capital assets, not being depreciated	12,494,642	4,592,523	10,855,614	6,231,551
Capital assets, being depreciated:				
Land improvements	13,911,617	1,403,048	154,238	15,160,427
Buildings and improvements	109,764,652	10,338,547	16,500	120,086,699
Vehicles, furniture and equipment	9,653,010	2,430,287	571,362	11,511,935
Right-to-use leased vehicles, furniture and equipment	380,545	24,148	11,295	393,398
Total capital assets being depreciated	133,709,824	14,196,030	753,395	147,152,459
Less accumulated depreciation for:				
Land improvements	(8,736,161)	(607,843)	(130,502)	(9,213,502)
Buildings and improvements	(43,991,115)	(3,174,271)	(16,500)	(47,148,886)
Vehicles, furniture and equipment	(5,612,320)	(798,709)	(529,776)	(5,881,253)
Right-to-use leased vehicles, furniture and equipment	(78,991)	(76,265)	(11,295)	(143,961)
Total accumulated depreciation	(58,418,587)	(4,657,088)	(688,073)	(62,387,602)
Total capital assets being depreciated, net	75,291,237	9,538,942	65,322	84,764,857
Governmental activities capital assets, net	$ 87,785,879	$ 14,131,465	$ 10,920,936	$ 90,996,408

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 1,215,593
Support services – students and staff	2,182
Support services – administration	18,017
Operation and maintenance of plant services	38,632
Student transportation services	519,075
Operation of non-instructional services	2,863,589
Total depreciation expense – governmental activities	$ 4,657,088

Note 7 – Capital Assets

Construction Commitments – At year end, the District had contractual commitments related to various capital projects for the construction of building improvements. At year end, the District had spent $3.0 million on the projects and had estimated remaining contractual commitments of $48.0 million. These projects are being funded with the General and Bond Building Funds, as well as the Other Special Revenue and Other Capital Projects Funds.

Note 8 – Financed Purchases Payable

The District has acquired computers under the provisions of a contract classified as a financed purchases payable. Revenues from the General Fund are used to pay the debt obligation.

As of June 30, 2025, the governmental activities net present value principal was $501,066, due in fiscal year 2026, and the interest due for this future minimum lease payment was $28,695.

Note 9 – Leases Payable

The District has acquired copiers and a postage meter under the provisions of contracts classified as leases. The related obligations under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the General Fund are used to pay the lease obligations. Amortization of right-to-use assets recorded under leases is included with depreciation expense.

The net present value and future minimum lease payments at year end were as follows:

	Governmental Activities	
Year ending June 30:	Principal	Interest
2026	$ 78,020	$ 21,814
2027	85,613	14,221
2028	93,967	5,867
2029	13,818	242
2030	1,556	10
Total	$ 272,974	$ 42,154

The right-to-use assets recorded under leases that meet the District's capitalization threshold are as follows:

	Governmental Activities
Asset:	
Vehicles, furniture and equipment	$ 393,398
Less: Accumulated amortization	143,961
Total	$ 249,437

Note 10 – General Obligation Bonds Payable

Bonds payable at year end consisted of the following outstanding general obligation bonds. Of the total amount originally authorized, $10.5 million remains unissued. The bonds are both callable and noncallable with interest payable semiannually. Property taxes from the Debt Service Fund, a non-major governmental fund, are used to pay bonded debt. The District's legal debt limit is $303.3 million and the available margin is $253.9 million.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2025	Due Within One Year
Governmental activities:					
General obligation bonds:					
School Improvement Bond, Projects of 2009, Series C	$ 6,075,000	3.50-4.00%	7/1/26-27	$ 2,850,000	$ 1,150,000
School Improvement Bond, Projects of 2015, Series A	7,500,000	2.00-4.00%	7/1/26-32	5,525,000	425,000
School Improvement Bond, Projects of 2015, Series B	9,185,000	2.75-5.00%	7/1/26-35	8,140,000	470,000
School Improvement Bond, Projects of 2015, Series C	4,395,000	4.00%	7/1/26-35	3,720,000	300,000
School Improvement Bond, Projects of 2022, Series A	13,450,000	4.00-5.00%	07/1/26-42	13,225,000	125,000
Private placement bonds:					
Refunding Bonds, Series 2021	2,800,000	2.66%	7/1/26	615,000	615,000
School Improvement Bond, Projects of 2022, Series B	12,760,000	4.00-5.00%	07/1/28-44	12,760,000	
Total				$ 46,835,000	$ 3,085,000

Annual debt service requirements to maturity on the general obligation bonds at year end are summarized as follows:

	Governmental Activities			
	General Obligation Bonds		Private Placement Bonds	
Year ending June 30:	Principal	Interest	Principal	Interest
2026	$ 2,470,000	$ 1,390,000	$ 615,000	$ 690,824
2027	3,465,000	1,299,950		605,300
2028	2,570,000	1,176,038	415,000	605,300
2029	2,590,000	1,059,638	450,000	584,550
2030	2,920,000	959,188	555,000	562,050
2031-35	12,295,000	3,103,288	3,215,000	2,366,250
2036-40	4,875,000	1,157,500	4,110,000	1,476,750
2041-44	2,275,000	137,000	4,015,000	456,675
Total	$ 33,460,000	$ 10,282,602	$ 13,375,000	$ 7,347,699

Note 11 – Changes In Long-Term Liabilities

Long-term liability activity for the current fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 36,165,000	$	$ 2,705,000	$ 33,460,000	$ 2,470,000
Private placement bonds	1,105,000	12,760,000	490,000	13,375,000	615,000
Premium	2,756,128	548,510	330,311	2,974,327	
Total bonds payable	40,026,128	13,308,510	3,525,311	49,809,327	3,085,000
Financed purchases payable	986,757		485,691	501,066	501,066
Leases payable	315,861	28,561	71,448	272,974	78,020
Net pension liability	36,202,747		767,414	35,435,333	
Compensated absences payable	434,519	1,397,414		1,831,933	65,878
Total long-term liabilities	$ 77,966,012	$ 14,734,485	$ 4,849,864	$ 87,850,633	$ 3,729,964

Note 12 – Interfund Transfers

Transfers between funds were used to (1) move investment income and premium earned of $406,406 in the Bond Building Fund that is required by statute to be expended in the Debt Service Fund, a non-major governmental fund, and (2) to move federal grant funds of $18,413 restricted for indirect costs.

Note 13 – Contingent Liabilities

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

Lawsuits – The District is party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable; however, District management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

Note 13 – Contingent Liabilities

Arbitrage – Under the Tax Reform Act of 1986, interest earned on the debt proceeds in excess of interest expense or expenditure prior to the disbursement of the proceeds must be rebated to the Internal Revenue Service (IRS). Management believes there is no tax arbitrage rebate liability at year end.

Note 14 – Restatements of Beginning Balances

Change within the Financial Reporting Entity – The Other Special Revenue Fund was previously reported as a major governmental fund as it met the criteria to be reported as a major fund. However, current year activity and/or balances for the Other Special Revenue Fund did not meet the criteria to be reported as a major fund.

The effect of the matters noted above resulted in adjustments to and restatements of beginning fund balance, as follows:

	June 30, 2024, As Previously Reported	Change within the Financial Reporting Entity	June 30, 2024, As Restated
Governmental Funds			
Major Fund:			
Other Special Revenue	$ 5,075,174	$ (5,075,174)	$
Non-Major Governmental Funds	7,231,151	5,075,174	12,306,325
Total	$ 12,306,325	$	$ 12,306,325

Note 15 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the District joined the Arizona School Risk Retention Trust, Inc. (ASRRT). ASRRT is a public entity risk pool currently operating as a common risk management and insurance program for school districts and community colleges in the State. The District pays an annual premium to ASRRT for its general insurance coverage. The agreement provides that ASRRT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

Note 15 – Risk Management

The District's employees have health, accident, and vision insurance coverage with the Arizona School Board Association Insurance Trust (ASBAIT). ASBAIT is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays a monthly premium to ASBAIT for employees' health and accident insurance coverage. The agreement provides that ASBAIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

The District joined the Arizona School Alliance for Workers' Compensation, Inc. (Alliance) together with other school districts in the state for risks of loss related to workers' compensation claims. The Alliance is a public entity risk pool currently operating as a common risk management and insurance program for school districts in the State. The District pays premiums to the Alliance for its employee workers' compensation coverage. The agreement provides that the Alliance will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

The District continues to carry commercial insurance for employee dental coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 16 – Pensions and Other Postemployment Benefits

Plan Description. District employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS website at www.azasrs.gov.

Aggregate Amounts. At June 30, 2025, the District reported the following aggregate amounts related to pensions and OPEB for all plans to which it contributes:

	Pension	OPEB	Total
Net assets	$	$ (1,231,991)	$ (1,231,991)
Net liability	35,435,333		35,435,333
Deferred outflows of resources	5,835,035	75,395	5,910,430
Deferred inflows of resources	2,652,202	410,974	3,063,176
Expense	2,430,989	(175,946)	2,255,043
Contributions	3,857,068	22,406	3,879,474

Note 16 – Pensions and Other Postemployment Benefits

The ASRS OPEB plans are not further disclosed because of their relative insignificance to the District's financial statements.

Benefits Provided. The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.27 percent (12.12 percent for retirement and 0.15 percent for long-term disability) of the members' annual covered payroll, and the District was required by statute to contribute at the actuarially determined rate of 12.27 percent (12.05 percent for retirement, 0.07 percent for health insurance premium benefit, and 0.15 percent for long-term disability) of the active members' annual covered payroll. The District's contributions to the pension plan for the year ended June 30, 2025 were $3.9 million.

Note 16 – Pensions and Other Postemployment Benefits

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The District was required by statute to contribute at the actuarially determined rate of 10.19 percent (10.14 percent for retirement and 0.05 percent for long-term disability). ACR contributions are included in employer contributions presented above.

The District's pension plan contributions are paid by the same funds as the employee's salary, with the largest component coming from the General Fund.

Pension Liability. The net pension liability was measured as of June 30, 2024. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024. The District's proportion of the net liability was based on the District's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2024.

At June 30, 2024, the District reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2024, the District's percentage proportion for the plan and the related change from its proportion measured as of June 30, 2023 was:

Net Liability	District % Proportion	Increase (Decrease)
$ 35,435,333	0.221	(0.002)

Pension Expense and Deferred Outflows/Inflows of Resources. The District has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The District's pension expense for the year ended June 30, 2025 was $2.4 million.

Note 16 – Pensions and Other Postemployment Benefits

The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,977,967	$
Net difference between projected and actual earnings on pension investments		2,262,934
Changes in proportion and differences between contributions and proportionate share of contributions		389,268
Contributions subsequent to the measurement date	3,857,068	
Total	$ 5,835,035	$ 2,652,202

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2026	$ (1,301,896)
2027	1,615,759
2028	(572,823)
2029	(415,275)

Actuarial Assumptions. The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Inflation	2.3%
Projected salary increases	2.9-8.4%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

Note 16 – Pensions and Other Postemployment Benefits

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, excluding any expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Public equity	44%	4.48%
Credit	23	4.40
Interest rate sensitive	6	(0.45)
Private equity	10	6.11
Real estate	17	6.05
Total	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 16 – Pensions and Other Postemployment Benefits

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	$ 54,258,741	$ 35,435,333	$ 19,747,666

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

Required Supplementary Information

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Catalina Foothills Unified School District No. 16
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General
For the Year Ended June 30, 2025

	Budget			
	Original	**Final**	**Non-GAAP Actual**	**Variance with Final Budget**
Revenues				
Other local	$	$	$ 296,878	$ 296,878
Property taxes			22,335,444	22,335,444
State aid and grants			18,301,446	18,301,446
Total revenues			40,933,768	40,933,768
Expenditures				
Current:				
Instruction	23,372,004	23,815,947	20,685,968	3,129,979
Support services - students and staff	4,848,765	4,880,444	4,485,625	394,819
Support services - administration	5,740,700	5,879,123	5,582,091	297,032
Operation and maintenance of plant services	5,873,880	6,005,250	6,623,799	(618,549)
Student transportation services	2,296,836	2,163,350	2,067,545	95,805
Operation of non-instructional services	25,000	30,148	29,769	379
Total expenditures	42,157,185	42,774,262	39,474,797	3,299,465
Changes in fund balances	(42,157,185)	(42,774,262)	1,458,971	44,233,233
Fund balances, beginning of year			8,966,901	8,966,901
Fund balances, end of year	$ (42,157,185)	$ (42,774,262)	$ 10,425,872	$ 53,200,134

See accompanying notes to this schedule.

Catalina Foothills Unified School District No. 16
Schedule of the Proportionate Share of the Net Pension Liability
Arizona State Retirement System
Last Ten Fiscal Years

	2025	2024	2023	2022
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
District's proportion of the net pension (assets) liability	0.22%	0.22%	0.23%	0.23%
District's proportionate share of the net pension (assets) liability	$ 35,435,333	$ 36,202,747	$ 37,025,326	$ 30,793,863
District's covered payroll	$ 30,462,012	$ 28,949,430	$ 26,598,410	$ 25,653,562
District's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	116.33%	125.06%	139.20%	120.04%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%

Schedule of Pension Contributions
Arizona State Retirement System
Last Ten Fiscal Years

	2025	2024	2023	2022
Actuarially determined contribution	$ 3,857,068	$ 3,664,580	$ 3,450,772	$ 3,194,469
Contributions in relation to the actuarially determined contribution	3,857,068	3,664,580	3,450,772	3,194,469
Contribution deficiency (excess)	$	$	$	$
District's covered payroll	$ 32,008,863	$ 30,462,012	$ 28,949,430	$ 26,598,410
Contributions as a percentage of covered payroll	12.05%	12.03%	11.92%	12.01%

See accompanying notes to this schedule.

2021	2020	2019	2018	2017	2016
June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
0.24%	0.24%	0.24%	0.23%	0.23%	0.24%
$ 41,521,273	$ 35,413,167	$ 33,555,233	$ 35,855,999	$ 37,200,173	$ 36,700,116
$ 25,891,441	$ 25,272,862	$ 23,648,431	$ 21,777,403	$ 21,404,498	$ 21,673,838
160.37%	140.12%	141.89%	164.65%	173.80%	169.33%
69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

2021	2020	2019	2018	2017	2016
$ 2,988,640	$ 2,964,570	$ 2,825,506	$ 2,577,679	$ 2,347,604	$ 2,322,388
2,988,640	2,964,570	2,825,506	2,577,679	2,347,604	2,322,388
$	$	$	$	$	$
$ 25,653,562	$ 25,891,441	$ 25,272,862	$ 23,648,431	$ 21,777,403	$ 21,404,498
11.65%	11.45%	11.18%	10.90%	10.78%	10.85%

Note 1 – Budgetary Basis of Accounting

The District's budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following items.

- Prepaid items are budgeted in the year prepaid.
- Employee insurance expenditures are budgeted in the year the employee insurance account is funded.

Additionally, the General Fund includes the Maintenance and Operations Fund and other funds that do not meet the criteria for separate reporting in the financial statements. Arizona Revised Statutes requires the Maintenance and Operations Fund budget, and therefore these other funds must be subtracted to present only the activity of the Maintenance and Operations Fund.

The following schedule reconciles expenditures and fund balances at the end of year:

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 44,064,238	$ 24,063,416
Other funds presented in the General Fund	(4,775,214)	(11,715,179)
Current-year prepaid items	754,505	(754,505)
Prior-year prepaid items	(722,585)	
Employee insurance account	153,853	(1,167,860)
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund	$ 39,474,797	$ 10,425,872

Note 2 – Pension Plan Schedules

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

Combining and Individual
Fund Financial Statements and Schedules

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Governmental Funds

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Non-Major Governmental Funds

Special Revenue Funds

Classroom Site – to account for the financial activity for the portion of state sales tax collections and permanent state school fund earnings.

Instructional Improvement – to account for the activity of monies received from gaming revenue.

Federal and State Grants – to account for financial assistance received for federal and state grants and projects.

Food Service – to account for the financial activity of school activities that have as their purpose the preparation and serving of regular and incidental meals and snacks in connection with school functions.

Other Special Revenue – to account for the revenues and expenditures of other special revenue activities, including the following: civic center, community school, extracurricular activities fees tax credit, gifts and donations, textbooks, litigation recovery, insurance refunds, career technical education, and student activities.

Debt Service Fund

Debt Service – to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

Capital Projects Funds

Adjacent Ways – to account for monies received to finance improvements of public ways adjacent to school property.

Catalina Foothills Unified School District No. 16
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Classroom Site	Instructional Improvement	Federal and State Grants	Food Service
Assets				
Cash and investments	$ 2,805,070	$ 347,116	$ 589,505	$ 953,949
Property taxes receivable				
Accounts receivable				
Due from governmental entities		182,835	499,248	
Total assets	$ 2,805,070	$ 529,951	$ 1,088,753	$ 953,949
Liabilities				
Accounts payable	$	$	$ 51,900	$ 25,285
Accrued payroll and employee benefits	413,649	49,392	65,835	
Total liabilities	413,649	49,392	117,735	25,285
Deferred inflows of resources				
Unavailable revenues - property taxes				
Unavailable revenues - intergovernmental			220,277	
Total deferred inflows of resources			220,277	
Fund balances				
Restricted	2,391,421	480,559	750,741	928,664
Total fund balances	2,391,421	480,559	750,741	928,664
Total liabilities, deferred inflows of resources and fund balances	$ 2,805,070	$ 529,951	$ 1,088,753	$ 953,949

	Debt Service Fund	Capital Projects Funds	
Other Special Revenue	Debt Service	Adjacent Ways	Total Non-Major Governmental Funds
$ 5,329,607	$ 2,534,132	$ 1,347	$ 12,560,726
	62,420		62,420
101,316			101,316
165,431			847,514
$ 5,596,354	$ 2,596,552	$ 1,347	$ 13,571,976
$ 245,762	$	$	$ 322,947
335,373			864,249
581,135			1,187,196
	40,677		40,677
			220,277
	40,677		260,954
5,015,219	2,555,875	1,347	12,123,826
5,015,219	2,555,875	1,347	12,123,826
$ 5,596,354	$ 2,596,552	$ 1,347	$ 13,571,976

Catalina Foothills Unified School District No. 16
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Classroom Site	Instructional Improvement	Federal and State Grants	Food Service
Revenues				
Other local	$ 466,399	$ 20,250	$ 749	$ 1,349,189
Property taxes				
State aid and grants	4,781,766	383,580	214,247	4,245
Federal aid, grants and reimbursements			2,060,205	645,488
Total revenues	5,248,165	403,830	2,275,201	1,998,922
Expenditures				
Current:				
Instruction	4,902,846	287,574	1,656,082	
Support services - students and staff	370,938	252,981	768,239	
Support services - administration			54,478	
Operation and maintenance of plant services			81,947	19,554
Student transportation services			331	
Operation of non-instructional services				2,156,042
Capital outlay			54,621	151,185
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	5,273,784	540,555	2,615,698	2,326,781
Excess (deficiency) of revenues over expenditures	(25,619)	(136,725)	(340,497)	(327,859)
Other financing sources (uses)				
Transfers in				
Transfers out			(18,413)	
Total other financing sources (uses)			(18,413)	
Changes in fund balances	(25,619)	(136,725)	(358,910)	(327,859)
Fund balances, beginning of year, previously reported	2,417,040	617,284	1,109,651	1,256,523
Adjustments to beginning fund balances				
Fund balances, beginning of year, as restated	2,417,040	617,284	1,109,651	1,256,523
Fund balances, end of year	$ 2,391,421	$ 480,559	$ 750,741	$ 928,664

	Debt Service Fund	Capital Projects Funds	
Other Special Revenues	Debt Service	Adjacent Ways	Total Non-Major Governmental Funds
$ 7,008,372	$ 71,651	$	$ 8,916,610
	4,963,752		4,963,752
18			5,383,856
			2,705,693
7,008,390	5,035,403		21,969,911
1,323,908			8,170,410
572,325			1,964,483
8,721			63,199
215,269			316,770
92,071			92,402
4,278,232			6,434,274
577,819			783,625
	3,195,000		3,195,000
	1,520,240		1,520,240
7,068,345	4,715,240		22,540,403
(59,955)	320,163		(570,492)
	406,406		406,406
			(18,413)
	406,406		387,993
(59,955)	726,569		(182,499)
	1,829,306	1,347	7,231,151
5,075,174			5,075,174
5,075,174	1,829,306	1,347	12,306,325
$ 5,015,219	$ 2,555,875	$ 1,347	$ 12,123,826

Catalina Foothills Unified School District No. 16
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Classroom Site
For the Year Ended June 30, 2025

	Budget			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Other local	$	$	$ 466,399	$ 466,399
State aid and grants			4,781,766	4,781,766
Total revenues			5,248,165	5,248,165
Expenditures				
Current:				
Instruction	6,838,790	7,080,157	4,902,846	2,177,311
Support services - students and staff	457,845	448,553	370,938	77,615
Total expenditures	7,296,635	7,528,710	5,273,784	2,254,926
Changes in fund balances	(7,296,635)	(7,528,710)	(25,619)	7,503,091
Fund balances, beginning of year			2,417,040	2,417,040
Fund balances, end of year	$ (7,296,635)	$ (7,528,710)	$ 2,391,421	$ 9,920,131

Catalina Foothills Unified School District No. 16
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Instructional Improvement
For the Year Ended June 30, 2025

	Budget			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Other local	$	$	$ 20,250	$ 20,250
State aid and grants			383,580	383,580
Total revenues			403,830	403,830
Expenditures				
Current:				
Instruction	364,323	286,841	287,574	(733)
Support services - students and staff	320,498	252,337	252,981	(644)
Total expenditures	684,821	539,178	540,555	(1,377)
Changes in fund balances	(684,821)	(539,178)	(136,725)	402,453
Fund balances, beginning of year			617,284	617,284
Fund balances, end of year	$ (684,821)	$ (539,178)	$ 480,559	$ 1,019,737

Catalina Foothills Unified School District No. 16
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Grants
For the Year Ended June 30, 2025

	Budget Original	Budget Final	Actual	Variance with Final Budget
Revenues				
Other local	$	$	$ 749	$ 749
State aid and grants			214,247	214,247
Federal aid, grants and reimbursements			2,060,205	2,060,205
Total revenues			2,275,201	2,275,201
Expenditures				
Current:				
Instruction	1,440,438	1,640,058	1,656,082	(16,024)
Support services - students and staff	668,204	760,806	768,239	(7,433)
Support services - administration	47,384	53,951	54,478	(527)
Operation and maintenance of plant services	71,276	81,154	81,947	(793)
Student transportation services	288	328	331	(3)
Capital outlay	47,509	54,092	54,621	(529)
Total expenditures	2,275,098	2,590,389	2,615,698	(25,309)
Excess (deficiency) of revenues over expenditures	(2,275,098)	(2,590,389)	(340,497)	2,249,892
Other financing sources (uses)				
Transfers out			(18,413)	(18,413)
Total other financing sources (uses)			(18,413)	(18,413)
Changes in fund balances	(2,275,098)	(2,590,389)	(358,910)	2,231,479
Fund balances, beginning of year			1,109,651	1,109,651
Fund balances, end of year	$ (2,275,098)	$ (2,590,389)	$ 750,741	$ 3,341,130

Catalina Foothills Unified School District No. 16
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Food Service
For the Year Ended June 30, 2025

	Budget			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Other local	$	$	$ 1,349,189	$ 1,349,189
State aid and grants			4,245	4,245
Federal aid, grants and reimbursements			645,488	645,488
Total revenues			1,998,922	1,998,922
Expenditures				
Current:				
Operation and maintenance of plant services	14,287	16,388	19,554	(3,166)
Operation of non-instructional services	1,575,254	1,806,909	2,156,042	(349,133)
Capital outlay	110,459	126,703	151,185	(24,482)
Total expenditures	1,700,000	1,950,000	2,326,781	(376,781)
Changes in fund balances	(1,700,000)	(1,950,000)	(327,859)	1,622,141
Fund balances, beginning of year			1,256,523	1,256,523
Fund balances, end of year	$ (1,700,000)	$ (1,950,000)	$ 928,664	$ 2,878,664

Catalina Foothills Unified School District No. 16
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Special Revenue
For the Year Ended June 30, 2025

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Other local	$	$	$ 7,008,372	$ 7,008,372
State aid and grants			18	18
Total revenues			7,008,390	7,008,390
Expenditures				
Current:				
Instruction	1,083,911	1,250,342	1,323,908	(73,566)
Support services - students and staff	468,574	540,522	572,325	(31,803)
Support services - administration	7,140	8,236	8,721	(485)
Operation and maintenance of plant services	176,245	203,307	215,269	(11,962)
Student transportation services	75,380	86,955	92,071	(5,116)
Operation of non-instructional services	3,502,678	4,040,503	4,278,232	(237,729)
Capital outlay	473,072	545,711	577,819	(32,108)
Total expenditures	5,787,000	6,675,576	7,068,345	(392,769)
Changes in fund balances	(5,787,000)	(6,675,576)	(59,955)	6,615,621
Fund balances, beginning of year			5,075,174	5,075,174
Fund balances, end of year	$ (5,787,000)	$ (6,675,576)	$ 5,015,219	$ 11,690,795

Catalina Foothills Unified School District No. 16
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service
For the Year Ended June 30, 2025

	Budget		
	Original and Final	Actual	Variance with Final Budget
Revenues			
Other local	$	$ 71,651	$ 71,651
Property taxes		4,963,752	4,963,752
Total revenues		5,035,403	5,035,403
Expenditures			
Debt service:			
Principal retirement	3,195,000	3,195,000	
Interest and fiscal charges	1,517,943	1,520,240	(2,297)
Total expenditures	4,712,943	4,715,240	(2,297)
Excess (deficiency) of revenues over expenditures	(4,712,943)	320,163	5,033,106
Other financing sources (uses)			
Transfers in		406,406	406,406
Total other financing sources (uses)		406,406	406,406
Changes in fund balances	(4,712,943)	726,569	5,439,512
Fund balances, beginning of year		1,829,306	1,829,306
Fund balances, end of year	$ (4,712,943)	$ 2,555,875	$ 7,268,818

Catalina Foothills Unified School District No. 16
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Adjacent Ways
For the Year Ended June 30, 2025

	Budget		
	Original and Final	**Actual**	**Variance with Final Budget**
Revenues			
Other local	$	$	$
Property taxes			
Total revenues			
Expenditures			
Capital outlay			
Total expenditures			
Changes in fund balances			
Fund balances, beginning of year		1,347	1,347
Fund balances, end of year	$	$ 1,347	$ 1,347

Catalina Foothills Unified School District No. 16
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bond Building
For the Year Ended June 30, 2025

	Budget			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Other local	$	$	$ 293,547	$ 293,547
Total revenues			293,547	293,547
Expenditures				
Capital outlay	2,878,790	16,410,557	3,766,761	12,643,796
Debt service:				
Bond issuance costs	241,210	241,210	241,210	
Total expenditures	3,120,000	16,651,767	4,007,971	12,643,796
Excess (deficiency) of revenues over expenditures	(3,120,000)	(16,651,767)	(3,714,424)	12,937,343
Other financing sources (uses)				
Transfers out			(406,406)	(406,406)
Issuance of school improvement bonds			12,760,000	12,760,000
Premium on sale of bonds			548,510	548,510
Total other financing sources (uses)			12,902,104	12,902,104
Changes in fund balances	(3,120,000)	(16,651,767)	9,187,680	25,839,447
Fund balances, beginning of year			3,549,014	3,549,014
Fund balances, end of year	$ (3,120,000)	$ (16,651,767)	$ 12,736,694	$ 29,388,461

Catalina Foothills Unified School District No. 16
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Capital Projects
For the Year Ended June 30, 2025

	Budget			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
State aid and grants	$	$	$ 3,074,937	$ 3,074,937
Total revenues			3,074,937	3,074,937
Expenditures				
Capital outlay	1,500,000	2,750,000	2,783,110	(33,110)
Total expenditures	1,500,000	2,750,000	2,783,110	(33,110)
Changes in fund balances	(1,500,000)	(2,750,000)	291,827	3,041,827
Fund balances, beginning of year			(332,761)	(332,761)
Fund balances, end of year	$ (1,500,000)	$ (2,750,000)	$ (40,934)	$ 2,709,066

APPENDIX D

PIMA COUNTY, ARIZONA

The following information regarding the County is provided for background information only. No attempt has been made to determine what part, if any, of the data presented is applicable to the District; consequently no representation is made as to the relevance of the data to the District or the Bonds. THE BONDS WILL NOT BE OBLIGATIONS OF THE COUNTY. The Bonds will be direct obligations of the District, payable solely from ad valorem taxes levied against all taxable property in the District, as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS."

General

The County is located in the southern portion of the State, with a section of its southern boundary bordering Mexico. Organized in 1864 by the Arizona Territorial Legislature as one of the State's four original counties, the County is today the second most populous county in Arizona with a 2025 estimated population of 1,093,761. Approximately 51% of the County's population resides in Tucson, the County seat of government and southern Arizona's largest city.

The County encompasses approximately 9,184 square miles.

LAND OWNERSHIP
Pima County, Arizona

Control/Ownership	Percent of Land in County
Indian Reservation	42%
State of Arizona	15
Other Public Lands	17
Individual or Corporation	14
U.S. Forest Service and Bureau of Land Management	12
Total	100%

Source: *Arizona County Profiles*, Arizona Commerce Authority.

Municipal Government and Organization

The governmental and administrative affairs of the County are carried out by a Board of Supervisors comprised of five members, each of whom serve four-year terms. The Board of Supervisors appoints a County Administrator who is responsible for carrying out policies of the Board of Supervisors and administering operations of the County.

Located within the County are the cities of Tucson and South Tucson, Arizona, and the towns of Marana, Oro Valley and Sahuarita, Arizona.

The following table illustrates respective population statistics for the principal communities located within the County, the County and the State.

POPULATION STATISTICS

Year	City of Tucson	City of South Tucson	Town of Marana	Town of Oro Valley	Town of Sahuarita	Pima County	State of Arizona
2025 Estimate *(a)*	557,901	4,535	66,736	48,967	38,421	1,093,761	7,718,747
2020 Census	542,629	4,613	51,908	47,070	34,134	1,043,433	7,151,502
2010 Census	520,116	5,652	34,961	41,011	25,259	980,263	6,392,017
2000 Census	486,699	5,490	13,556	29,700	3,242	843,746	5,130,632
1990 Census	405,371	5,171	2,187	6,670	1,629	666,957	3,665,339
1980 Census	330,537	6,554	1,674	1,489	N/A	531,443	2,716,546

(a) Estimate as of July 2025 (data released in December 2025).

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Economy

The County's economy is based on high technology manufacturing, light manufacturing and commercial activities (including construction and trade), tourism, government and agriculture. The table below illustrates the employment structure of the County.

NON-AGRICULTURAL EMPLOYMENT STRUCTURE
Pima County, Arizona

	2026 *(a)* Percent of Total
Mining and construction	5.8%
Manufacturing	7.1
Trade, transportation and utilities	17.0
Information	1.2
Financial activities	4.6
Professional and Business Services	12.0
Educational and Health Services	18.6
Leisure and Hospitality	11.0
Services and miscellaneous	3.8
Government	18.9
Total	100.0%

(a) Data through July 2026.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

LABOR FORCE AND NONFARM EMPLOYMENT
Pima County, Arizona

	2026 *(a)*	2025	2024	2023	2022	2021
Mining and Construction	23,200	46,900	47,400	45,000	43,600	40,100
Manufacturing	28,600	28,900	28,900	28,400	28,000	27,700
Trade, Transportation and Utilities	68,600	69,500	70,300	71,000	71,300	68,900
Information	4,800	4,800	5,200	5,400	5,400	5,000
Financial Activities	18,500	18,900	17,700	18,300	19,300	19,000
Professional and Business Services	48,500	47,800	48,000	51,200	52,300	51,100
Educational and Health Services	74,900	73,600	72,000	69,600	67,000	66,900
Leisure and Hospitality	44,500	45,500	45,000	44,900	43,600	39,200
Other Services	15,100	14,500	14,500	14,400	14,200	13,100
Government	76,400	78,100	79,300	78,600	76,000	74,100
	403,100	428,500	428,300	426,800	420,700	405,100

(a) Data through July 2026.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

The following table illustrates the unemployment rate averages for the County, the State and the United States of America.

UNEMPLOYMENT RATE AVERAGES

Calendar Year	Pima County *(a)*	State of Arizona *(a)*	United States of America
2026 *(b)*	5.0%	4.8%	4.1%
2025	4.3	4.3	4.2
2024	3.7	3.7	4.0
2023	3.6	3.7	3.6
2022	3.7	3.8	3.6
2021	5.1	5.0	5.3

(a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and reestimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, reestimation, and controlling to new statewide totals.

(b) Data through July 2026.

Source: Arizona Office of Economic Opportunity, prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics and the U.S. Bureau of Labor Statistics.

Retail Sales

The following table illustrates retail sales for the County.

TAXABLE RETAIL SALES
Pima County, Arizona
($000s omitted)

Calendar Year	Taxable Retail Sales *(a)*
2026 *(b)*	$7,845,119
2025	13,055,871
2024	12,949,522
2023	12,910,158
2022	12,499,526
2021	11,804,291

(a) The statutory definition of "Retail Sales" is the business of selling tangible personal property at retail. Therefore, this class does not include services or hotels, restaurants or food sales.

(b) Data through July 2026.

Source: Arizona Department of Revenue, Office of Economic Research and Analysis.

APPENDIX E

FORM OF APPROVING LEGAL OPINION

[Closing Date]

GOVERNING BOARD
CATALINA FOOTHILLS UNIFIED SCHOOL DISTRICT
NO. 16 OF PIMA COUNTY, ARIZONA

We have acted as bond counsel to the Catalina Foothills Unified School District No. 16 (the "*District*") of Pima County, Arizona (the "*County*") in connection with the issuance of its $10,160,000* aggregate principal amount of School Improvement Bonds, Project of 2022, Series C (2026) (the "*Bonds*"). The Bonds are dated [Closing Date], and bear interest payable January 1 and July 1 of each year to maturity, commencing January 1, 2027*. In such capacity, we have examined such law and such certified proceedings, certifications or prior redemption, and other documents as we have deemed necessary to give the opinions below.

As to questions of fact material to the opinions below, we have relied upon, and assumed due and continuing compliance with the provisions of, the certified proceedings and other certifications, covenants, and representations furnished to us without undertaking to verify them by independent investigation, including, without limitation, those with respect to causing interest on the Bonds to be and remain excluded from gross income for federal income tax purposes.

Based upon the foregoing, we are of the opinion, as of this date, which is the date of initial delivery of the Bonds against payment therefor, that:

1. The Bonds have been duly authorized and executed by the District and are valid and binding general obligations of the District.

2. All taxable property within the District is subject to the levy of a direct, annual, ad valorem tax to pay the principal of and interest on the Bonds without limit as to rate or amount. It is required by law that the Board of Supervisors of the County levy, at the time of making the levy of taxes for County purposes, an annual tax upon the taxable property in the District sufficient to pay the principal of and interest on the Bonds when due.

3. Under existing laws, regulations, rulings and judicial decisions, the interest income on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*") and is exempt from Arizona income taxes. Interest income on the Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. For purposes of this opinion, we have assumed continuing compliance by the District with such restrictions, conditions, and requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

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* *Subject to change.*

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated as of [_______, 2026], relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Respectfully submitted,

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$10,160,000*
CATALINA FOOTHILLS UNIFIED SCHOOL DISTRICT NO. 16
OF PIMA COUNTY, ARIZONA
SCHOOL IMPROVEMENT BONDS,
PROJECT OF 2022, SERIES C (2026)

CONTINUING DISCLOSURE CERTIFICATE
(CUSIP Base No. 721863)

This Continuing Disclosure Certificate (this "Disclosure Certificate") is undertaken by Catalina Foothills Unified School District No. 16 of Pima County, Arizona (the "District") in connection with the issuance of its $10,160,000* School Improvement Bonds, Project of 2022, Series C (2026) (the "Bonds"). In consideration of the initial sale and delivery of the Bonds, the District covenants as follows:

Section 1. **Purpose of the Disclosure Certificate**. This Disclosure Certificate is for the benefit of the Bondholders (as defined herein) and in order to assist the Participating Underwriter (as defined herein) in complying with the Rule (as defined herein).

Section 2. **Definitions**. Any capitalized term used herein shall have the following meanings, unless otherwise defined herein:

"Annual Report" shall mean the annual report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" shall mean the District's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the District intends to continue to prepare in substantially the same form.

"Bond Counsel" shall mean Gust Rosenfeld P.L.C. or such other nationally recognized bond counsel as may be selected by the District.

"Bondholder" shall mean any registered owner or beneficial owner of the Bonds.

"Dissemination Agent" shall mean the District, or any person designated in writing by the District as the Dissemination Agent.

"EMMA" shall mean the Electronic Municipal Market Access system of MSRB, or any successor thereto approved by the Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

"Financial Obligation" shall mean (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii), except that "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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* *Subject to change.*

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

"Official Statement" shall mean the final official statement dated [______, 2026] relating to the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. **Provision of Annual Reports**.

(a) Commencing February 1, 2027, and by no later than February 1 of each year thereafter (the "Filing Date"), the District shall, either directly or by directing the Dissemination Agent to do so, provide an Annual Report to MSRB. The Annual Report shall be provided electronically and in a format prescribed by MSRB. The Annual Report shall be consistent with the requirements of Section 4 of this Disclosure Certificate and shall include information from the fiscal year ending on the preceding June 30. All documents provided to MSRB shall be accompanied by identifying information prescribed by MSRB. Currently, filings are required to be made with EMMA. Not later than fifteen (15) business days prior to such Filing Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District).

(b) If the District is unable or for any reason fails to provide electronically to EMMA an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the District shall, in a timely manner, send a notice to EMMA in substantially the form attached as Exhibit A not later than the Filing Date.

(c) If the District's Audited Financial Statements are not submitted with the Annual Report and the District fails to provide to EMMA a copy of its Audited Financial Statements within thirty (30) days of receipt thereof by the District, then the District shall, in a timely manner, send a notice to EMMA in substantially the form attached as Exhibit B.

(d) The Dissemination Agent shall:

(i) Determine the proper electronic filing address of EMMA each year prior to the date(s) for providing the Annual Report and Audited Financial Statements; and

(ii) If the Dissemination Agent is other than the District, file a report or reports with the District certifying that the Annual Report and Audited Financial Statements, if applicable, have been provided pursuant to this Disclosure Certificate, stating the date such information was provided and listing where it was provided.

Section 4. **Content of Annual Reports**.

(a) The Annual Report may be submitted as a single document or as separate documents comprising an electronic package, and may incorporate by reference other information as provided in this Section, including the Audited Financial Statements of the District; provided, however, that if the Audited Financial Statements of the District are not available at the time of the filing of the Annual Report, the District shall file unaudited financial statements of the District with the Annual Report and, when the Audited Financial Statements of the District are available, the same shall be submitted to EMMA within thirty (30) days of receipt thereof by the District.

(b) The District's Annual Report shall contain or incorporate by reference the following:

(i) Type of Financial and Operating Data to be Provided:

(A) Subject to the provisions of Sections 3 and 4(a) hereof, Audited Financial Statements for the District.

(B) Annually updated financial information and operating data of the type contained in the following tables in APPENDIX A – "THE DISTRICT – DISTRICT INFORMATION" and APPENDIX B – "THE DISTRICT – FINANCIAL INFORMATION" of the Official Statement:

(1) Table 2 – Average Daily Membership;
(2) Table 7 – Property Taxes Levied and Collected;
(3) Table 9 – Net Limited Assessed Property Value by Property Classification;
(4) Table 10 – Net Limited Assessed Property Value of Major Taxpayers; and
(5) Tables 15 and 16 – Constitutional/Statutory Debt Limit/Unused Borrowing Capacity after Bond Issuance.

(C) In the event of an amendment pursuant to Section 8 of this Disclosure Certificate not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

(ii) Accounting Principles Pursuant to Which Audited Financial Statements Shall Be Prepared: The Audited Financial Statements shall be prepared in accordance with generally accepted accounting principles and state law requirements as are in effect from time to time. A more complete description of the accounting principles currently followed in the preparation of the District's Audited Financial Statements is contained in Note 1 of the Audited Financial Statements included within the Official Statement.

Notice of amendment to the accounting principles shall be sent within thirty (30) days to EMMA.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The District shall clearly identify each such other document so incorporated by reference.

Section 5. **Reporting of Listed Events**.

(a) This Section shall govern the giving of notices by the District, either directly or by directing the Dissemination Agent to do so, of the occurrence of any of the following events with respect to the Bonds. The District shall in a timely manner, not in excess of ten (10) business days after the occurrence of the event, provide notice of the following events with EMMA:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults, if material;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers, or their failure to perform;
(vi) Adverse tax opinions, the issuance by the Internal Revenue Service (the "IRS") of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(vii) Modifications to rights of Bondholders, if material;
(viii) Bond calls, if material, and tender offers;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
(xi) Rating changes;
(xii) Bankruptcy, insolvency, receivership or similar event of the District;
(xiii) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of

business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bondholders, if material; and

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) "Materiality" will be determined in accordance with the applicable federal securities laws.

Note to Section 5(a)(xii): For the purposes of the event identified in subsection (a)(xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. **Termination of Reporting Obligation**. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Such termination shall not terminate the obligation of the District to give notice of such defeasance or prior redemption.

Section 7. **Dissemination Agent**. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. **Amendment**. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate if:

(a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature or status of the District, or the type of business conducted;

(b) This Disclosure Certificate, as amended, would, in the opinion of Bond Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Bondholders, as determined by Bond Counsel.

Section 9. **Filing with EMMA**. The District shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with EMMA.

Section 10. **Additional Information**. The District may, at the District's election, include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate. If the District chooses to include such information, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. **Default**. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder may seek specific performance by court order to cause the District to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance and such failure shall not constitute a default under the Bonds or the resolution authorizing the Bonds.

Section 12. **Compliance by District**. The District hereby covenants to comply with the terms of this Disclosure Certificate. The District expressly acknowledges and agrees that compliance with the undertaking contained in this Disclosure Certificate is its sole responsibility and the responsibility of the Dissemination Agent, if any, and that such compliance, or monitoring thereof, is not the responsibility of, and no duty is present with respect thereto for, the Participating Underwriter or Bond Counsel.

Section 13. **Subject to Appropriation**. Pursuant to Arizona law, the District's undertaking to provide information under this Disclosure Certificate is subject to appropriation to cover the costs of preparing and sending the Annual Report and notices of Listed Events to EMMA. Should funds that would enable the District to provide the information required to be disclosed hereunder not be appropriated, then notice of such fact shall, in a timely manner, be sent to EMMA in substantially the form attached as Exhibit C.

Section 14. **Beneficiaries**. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the Bondholders, and shall create no rights in any other person or entity.

Section 15. **Governing Law and Interpretation of Terms**. This Disclosure Certificate shall be governed by the law of the State of Arizona and any action to enforce this Disclosure Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities law.

Dated: [Closing Date].

CATALINA FOOTHILLS UNIFIED SCHOOL DISTRICT NO. 16 OF PIMA COUNTY, ARIZONA

By ____
Director of Finance

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Catalina Foothills Unified School District No. 16 of Pima County, Arizona
Name of Bond Issue: $10,160,000* School Improvement Bonds, Project of 2022, Series C (2026)
Dated Date of Bonds: [Closing Date] Base CUSIP: 721863

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated [Closing Date]. The District anticipates that the Annual Report for fiscal year ended June 30, _____ will be filed by ______________________.

Dated: ______________

Catalina Foothills Unified School District No. 16 of Pima County, Arizona
By____
Its ____

EXHIBIT B

NOTICE OF FAILURE TO FILE AUDITED FINANCIAL STATEMENTS

Name of Issuer: Catalina Foothills Unified School District No. 16 of Pima County, Arizona
Name of Bond Issue: $10,160,000* School Improvement Bonds, Project of 2022, Series C (2026)
Dated Date of Bonds: [Closing Date] Base CUSIP: 721863

NOTICE IS HEREBY GIVEN that the District failed to provide its Audited Financial Statements with its Annual Report or, if not then available, within 30 days of receipt as required by Section 4(a) of the Continuing Disclosure Certificate dated [Closing Date], with respect to the above-named Bonds. The District anticipates that the Audited Financial Statements for the fiscal year ended June 30, ____ will be filed by ______________________.

Dated: ______________

Catalina Foothills Unified School District No. 16 of Pima County, Arizona
By____
Its ____

EXHIBIT C

NOTICE OF FAILURE TO APPROPRIATE FUNDS

Name of Issuer: Catalina Foothills Unified School District No. 16 of Pima County, Arizona
Name of Bond Issue: $10,160,000* School Improvement Bonds, Project of 2022, Series C (2026)
Dated Date of Bonds: [Closing Date] Base CUSIP: 721863

NOTICE IS HEREBY GIVEN that the District failed to appropriate funds necessary to perform the undertaking required by the Continuing Disclosure Certificate dated [Closing Date].

Dated: ______________

Catalina Foothills Unified School District No. 16 of Pima County, Arizona
By____
Its ____

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* *Subject to change.*

APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with the Direct Participants, the "Participants"). DTC has Standard & Poor's rating of: "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Bonds and the redemption price of any Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar and Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds and the redemption price of any Bonds will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.