

**Fox Chapel Area School District
Financial Statements
June 30, 2021**

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Independent Auditor's Report

Members of the Board
Fox Chapel Area School District
Pittsburgh, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fox Chapel Area School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Fox Chapel Area School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fox Chapel Area School District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, post-employment benefit information and pension information as shown in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fox Chapel Area School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021 on our consideration of Fox Chapel Area School District'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 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 Fox Chapel Area School District'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 Fox Chapel Area School District's internal control over financial reporting and compliance.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
December 22, 2021

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

The discussion and analysis of Fox Chapel Area School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The School District's largest expenditures continue to be personnel costs including wages, retirement contributions and medical group insurance costs. The employer contribution rate for the Pennsylvania School Employees' Retirement System (PSERS) continues to rise to historical highs and was 34.51% in 2020/2021. The total contributions paid were \$15,863,269.98 in 2020/2021, a decrease of 1.1% from the prior year. This decrease compared to previous years is mostly due to the implementation of the early retirement incentive that was offered to the FCEA effective 7/1/2018 for retirements through 7/1/2020. The implementation model was designed so that the District can replace retiring teachers at significant cost savings. However even at a decrease from the prior year in cost, PSERS alone still accounts for over 16.5% of the total budget.

The millage rate increased from the previous year to 19.8686 mills for the 2020/2021 school year, an increase of 1.5%.

The School District did exceed the anticipated revenue budget. In 2020/2021, the actual revenue variance from the original budget was \$5,355,448, or 5.46% of actual revenue received. This large variance is largely a direct relation to the impact COVID had on the budget. The large revenue variance from budget to actual was largely based on real estate and Act 511 taxes. At the time the budget was prepared, districts were advised to anticipate a large loss of revenue relating to collectable taxes contributable to the COVID pandemic and subsequent closure that was in effect. In actuality, the district was able to maintain it's collection rates for real estate tax collection. Likewise, earned income revenue was also collected in line with prior year actual amounts. There was also a housing surge which resulted in increased realty transfer tax collections \$500,000 over budget. Additional federal stimulus dollars were allocated to school districts for the COVID pandemic also which allowed for an increase in revenue in 2020/21 as well.

Actual expenditures for the fiscal year were under by \$1,814,424, or 1.78%, compared to the original budget for 2020/2021. This is on par with prior years variances to budget, for example the previous year ended at a variance of -1.71% of budget to actual. COVID also affected the expenditures side with some normal expenses being reduced with others at an increase. Utilities, for example, were at an increase for the 2020/2021 school year over previous years because HVAC systems were operational 24 hours a day. Other expenditures, such as transportation, however, were at a decrease over previous years because the amount of in-person instruction days were lower than previous years as a result on virtual instruction days. This lowered the total bussing days for the year. Technology was also at an increase as a result of the district distributing devices to all students as a result of virtual instruction.

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

The School District completed the fiscal year 2020/2021 with a negative net position due to the requirement to report pension liabilities on the balance sheet. The net pension liability of the School District governmental activities increased by \$7,740,162 to \$164,872,202 and created a negative net position of \$(107,149,062) at the end of fiscal year 2021.

The School District's business-type activity, which is comprised of the food service fund, showed a negative net position of \$1,429,381. COVID affected the food service fund as well. While the federal subsidy increased to cover 100% of normal student meals, additional revenues were at a reduction from budget including catering and ala carte sales. Expenditures however remained close to budget. The business-type activity saw an increase in net pension liability of \$12,838.

Using the Annual Financial Report

The Annual Financial Report consists of a financial section and a single audit section which is issued to comply with federal guidelines as required in the Government Auditing Standards and the Uniform Grant Guidance. Within the financial section are the management's discussion and analysis and notes to the financial section that provide additional information regarding the School District. These statements are organized so that the reader can understand Fox Chapel Area School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide statements - the statement of net position and the statement of activities. These provide both long-term and short-term information about the School District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements. The governmental funds statements tell how general School District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the School District operates like a business. For this School District, this is our food service fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

Figure A-1 shows how the required parts of the financial section are arranged and relate to one another:

Figure A – 1
Required Components of
Fox Chapel Area School District's
Financial Report

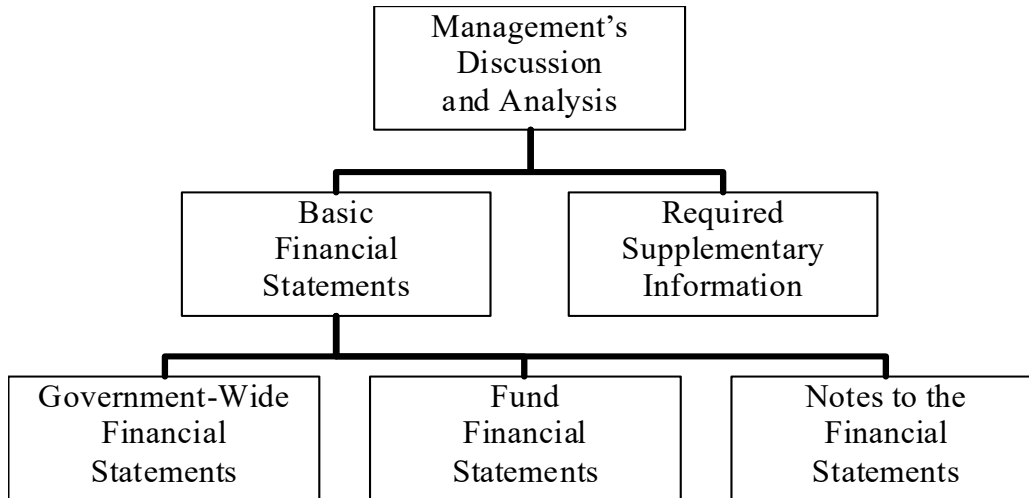


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

Figure A – 2
Major Features of Fox Chapel Area School District's
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services	Activities the School District operates similar to private business - food services	Instances in which the School District is the trustee or agent to someone else's resources
Required financial statements	Statement of net position; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of net position; statement of revenues, expenses and changes in net position; statement of cash flows	Statement of fiduciary net position; statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of in-flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

Overview of Financial Statements

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how they have changed. Net position, the difference between the School District's assets and liabilities, is one way to measure the School District's financial health or position.

Over time, increases or decreases in the School District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the School District, you need to consider additional non-financial factors, such as changes in the School District's property tax base and the performance of the students.

The government-wide financial statements of the School District are divided into two categories:

- Governmental activities - All of the School District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- Business-type activities - The School District operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The School District's fund financial statements, which begin with Exhibit 3, provide detailed information about the most significant funds - not the School District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

Proprietary funds - These funds are used to account for the School District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School District charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds. The food service fund is the School District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds - The School District is the trustee, or fiduciary, for certain student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position on Exhibit 10 and statement of change in net position on Exhibit 11. We exclude these activities from the School District's other financial statement because the School District cannot use these assets to finance its operations.

Financial Analysis of the School District as a Whole

The School District's total net position was a deficit \$(108,578,443) at June 30, 2021 and a deficit \$(109,263,577) at June 30, 2020.

Table A - 1
Years Ended June 30, 2021 and 2020
Net Position

	2021			2020		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$ 43,744,708	\$ 1,097,186	\$ 44,841,894	\$ 39,763,550	\$ 915,467	\$ 40,679,017
Capital Assets	<u>107,707,647</u>	<u>11,923</u>	<u>107,719,570</u>	<u>111,333,005</u>	<u>15,901</u>	<u>111,348,906</u>
Total Assets	<u>151,452,355</u>	<u>1,109,109</u>	<u>152,561,464</u>	<u>151,096,555</u>	<u>931,368</u>	<u>152,027,923</u>
Deferred Outflows of Resources	<u>31,794,616</u>	<u>324,921</u>	<u>32,119,537</u>	<u>33,660,810</u>	<u>355,161</u>	<u>34,015,971</u>
Current and Other Liabilities	13,502,006	861,149	14,363,155	14,288,499	536,089	14,824,588
Noncurrent Liabilities						
Due Within One Year	2,564,032	-	2,564,032	2,682,719	-	2,682,719
Due in More Than One Year	<u>263,072,838</u>	<u>1,880,765</u>	<u>264,953,603</u>	<u>257,040,680</u>	<u>1,870,313</u>	<u>258,910,993</u>
Total Liabilities	<u>279,138,876</u>	<u>2,741,914</u>	<u>281,880,790</u>	<u>274,011,898</u>	<u>2,406,402</u>	<u>276,418,300</u>

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

Table A - 1
Years Ended June 30, 2021 and 2020
Net Position

	2021			2020		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Deferred Inflows of Resources	11,257,157	121,497	11,378,654	18,678,280	210,891	18,889,171
Net Position						
Net Investment in Capital Assets	34,808,752	11,923	34,820,675	35,722,671	15,901	35,738,572
Unrestricted	(141,957,814)	(1,441,304)	(143,399,118)	(143,655,484)	(1,346,665)	(145,002,149)
Total Net Position	<u>\$ (107,149,062)</u>	<u>\$ (1,429,381)</u>	<u>\$ (108,578,443)</u>	<u>\$ (107,932,813)</u>	<u>\$ (1,330,764)</u>	<u>\$ (109,263,577)</u>

Most of the School District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is combined of designated and undesignated amounts. The designated balances are amounts set aside to fund future purchases or capital projects as planned by the School District.

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The largest general revenues are the local taxes (property and earned income) assessed to community taxpayers.

Table A-2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

Table A - 2
Years Ended June 30, 2021 and 2020
Changes in Net Position

	2021			2020		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 124,881	\$ 124,881	\$ -	\$ 711,037	\$ 711,037
Operating Grants and Contribs.	16,417,333	1,042,182	17,459,515	15,950,550	730,398	16,680,948
Capital Grants and Contribs.	2,549,930	-	2,549,930	525,972	-	525,972
General Revenues						
Property Taxes	68,654,057	-	68,654,057	66,837,423	-	66,837,423
Other Taxes	9,996,065	-	9,996,065	9,274,513	-	9,274,513
Grants, Subsidies and Contribs.						
Not Restricted	5,298,694	-	5,298,694	5,349,459	-	5,349,459
Investment Earnings	56,942	52	56,994	810,508	6,324	816,832
Other	158,874	-	158,874	220,903	-	220,903
Total Revenues	103,131,895	1,167,115	104,299,010	98,969,328	1,447,759	100,417,087
Expenses						
Instruction	67,599,400	-	67,599,400	68,992,941	-	68,992,941
Instructional Student Support	8,503,114	-	8,503,114	9,770,744	-	9,770,744
Admin. and Fin. Support Svcs.	8,712,983	-	8,712,983	9,163,427	-	9,163,427
Operation and Maintenance						
of Plant Services	8,680,519	-	8,680,519	9,165,456	-	9,165,456
Pupil Transportation	3,588,892	-	3,588,892	3,771,786	-	3,771,786
Student Activities	2,629,454	-	2,629,454	2,872,499	-	2,872,499
Community Services	12,121	-	12,121	58,754	-	58,754
Scholarships	-	-	-	5,000	-	5,000
Interest on Long-Term Debt	2,621,661	-	2,621,661	2,697,872	-	2,697,872
Food Service	-	1,265,732	1,265,732	-	1,578,636	1,578,636
Total Expenses	102,348,144	1,265,732	103,613,876	106,498,479	1,578,636	108,077,115
Increase (Decrease) in Net Position	783,751	(98,617)	685,134	(7,529,151)	(130,877)	(7,660,028)
Beginning Net Position	(107,932,813)	(1,330,764)	(109,263,577)	(100,403,662)	(1,199,887)	(101,603,549)
Ending Net Position	<u>\$ (107,149,062)</u>	<u>\$ (1,429,381)</u>	<u>\$ (108,578,443)</u>	<u>\$ (107,932,813)</u>	<u>\$ (1,330,764)</u>	<u>\$ (109,263,577)</u>

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

The tables below present the expenses of both the governmental activities and the business-type activities of the School District.

Table A-3 shows the School District's largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, scholarships and awards and interest on debt, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A - 3
Years Ended June 30, 2021 and 2020
Governmental Activities

	2021		2020	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Instruction	\$ 67,599,400	\$ 56,447,879	\$ 68,992,941	\$ 57,837,820
Instructional Student Support	8,503,114	7,020,263	9,770,744	8,322,701
Admin. and Fin. Support Svcs.	8,712,983	7,959,346	9,163,427	8,463,768
Operation and Maintenance of Plant Services	8,680,519	7,538,697	9,165,456	8,260,572
Pupil Transportation	3,588,892	1,951,786	3,771,786	2,350,600
Student Activities	2,629,454	2,379,058	2,872,499	2,554,393
Community Services	12,121	12,121	58,754	55,203
Scholarships and Awards	-	-	5,000	5,000
Interest on Long-Term Debt	<u>2,621,661</u>	<u>71,731</u>	<u>2,697,872</u>	<u>2,171,900</u>
Total Governmental Activities	<u>\$ 102,348,144</u>	83,380,881	<u>\$ 106,498,479</u>	90,021,957
Less:				
Unrestricted Grants, Subsidies		<u>(5,298,694)</u>		<u>(5,349,459)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$ 78,082,187</u>		<u>\$ 84,672,498</u>

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

Table A-4 reflects the activities of the food service program, the only business-type activity of the School District.

Table A - 4
Years Ended June 30, 2021 and 2020
Business-Type Activities

	2021		2020	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Food Service	<u>\$1,265,732</u>	\$ 98,669	<u>\$1,578,636</u>	\$ 137,201
Add/Less:				
Investment Earnings		<u>(52)</u>		<u>(6,324)</u>
Total Business-Type Activities		<u>\$ 98,617</u>		<u>\$ 130,877</u>

The statement of revenues, expenses and changes in fund net position for this proprietary fund shown on Exhibit 8 will further detail the actual results of operations.

School District Funds

At June 30, 2021, the School District's general fund reported a fund balance of \$24,729,667, which is an increase of \$3,294,947. The District's original 2020/2021 budget anticipated a decrease to fund balance of \$2,374,926, including planned drawdowns from both the PSERS committed fund balance as well as the capital projects assigned fund balance relating to various capital improvement projects. The variance resulted from the decreased expenditures as well as the increased revenue that was not projected at the time the budget was originally prepared.

General Fund Budget

During the fiscal year, the administration recommends that the Board of School Directors authorize revisions to the original budget to accommodate actual expenditures. These budget transfers reallocate unencumbered funds designated for one purpose to another part of the budget to be used for a different purpose. Subsequent to June 30, 2021, year-end budget transfers, not prohibited by state law, were approved. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information section.

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

The School District applies for federal, state and local grants and these grants cannot always be anticipated in the budgeting process.

The budgetary reserve account includes amounts funded by the designated fund balance for planned opportunities of expenditures for improvements/enhancements to School District operations. These amounts are normally only appropriated into expenditure categories if the fiscal results of the prior year end with a positive addition to the fund balance, or if any one-time revenues are realized during the fiscal year. The School Board has historically used this method of budgeting to control tax increases while also protecting the integrity of the fund balance. During 2020/2021, there was a transfer to capital projects as a result of PlanCon back payment received relating to the 2013 GO Bond. Typically, there is also a transfer to capital projects as a result of athletic ticket sales. Due to COVID, there was no ticket revenue to be transferred. The assigned fund balance for capital projects was \$2,260,153 as of June 30, 2021.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2021, the School District governmental funds had \$107,707,647 invested in a broad range of capital assets, including land, land improvements, buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$3,625,358 or 3.2% from last year.

Table A - 5
Governmental Activities
Capital Assets - Net of Depreciation

	2021	2020
Land	\$ 2,413,944	\$ 2,413,944
Land Improvements	9,166,161	6,404,512
Buildings and Building Improvements	93,841,892	78,120,875
Furniture and Equipment	2,285,650	1,665,267
Construction in Progress	-	22,728,407

Debt Administration

As of July 1, 2020, the School District had total outstanding bond and note principal of \$67,708,820. The total outstanding bond and note principal as of June 30, 2021 is \$65,750,108.

Table A - 6
Outstanding Debt

	As of 06/30/21	As of 06/30/20
General Obligation Bonds/Notes		
Bonds - Capital Projects Series of 2013	\$ 35,145,000	\$ 36,940,000
Bonds - Series of 2017	29,060,000	29,065,000
Notes - Series of 2016	1,545,108	1,703,820

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

Other obligations include accrued vacation pay and sick leave for specific employees of the School District. More detailed information about our long-term liabilities is included in the notes to the financial statements.

Bond Rating

The School District's general obligation bond rating is a Standard & Poor's rating of AA+. The AA+ bond rating is based upon an insurance policy provided by Financial Security Assurance, Inc. Additional security for the bonds is provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default.

Economic Factors and Next Year's Budget

Projected enrollment for 2021/2022 was 4,024, with 1,804 at the elementary. Projected enrollment at the middle school, grades six through eight, was 925, and high school enrollments was projected at 1,295.

Barring substantial changes to programs offered or additional state or federal mandates, it is anticipated that it will not be necessary to add significantly to the professional and non-professional staff in succeeding years' budgets. Collective bargaining agreements are in place with the custodial/maintenance unit through June 30, 2025, professional staff through June 30, 2023 and with the educational support staff through June 30, 2024. The School District does not, at this time, anticipate any large future reductions in professional staff. In prior years, an early retirement incentive that was offered saw 54 total teachers retiring between July 1, 2018 and June 30, 2020. Those positions were either replaced by attrition or replaced at a cost savings due to the new employee starting at a lower step of the salary schedule.

The budget for the 2021/2022 year is \$2,794,646 more than the original budget for 2020/2021. This represents a 2.74% increase in budgeted expenditures and a 5.14% increase in budgeted revenues. As a reminder budgeted revenues were reduced for 2020/2021 due to the COVID unknowns. 2021/2022 sees the real estate collections and earned income tax return to prior year rates and levels. The School District is anticipating having to draw down \$51,009 from its fund balance to balance the 2021/2022 budget. This includes a specific drawdown of \$200,000 from the PSERS committed fund balance and a reallocation of \$148,991 to the unassigned fund balance.

At June 30, 2021, the unassigned fund balance was \$7,976,827, or 8.0% of actual expenditures.

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

The comparison of revenue and expenditure categories is as follows:

Table A - 7

	Budgeted Revenue 2021/2022	Actual Revenue 2020/2021
Local	78.2%	77.6%
State	19.8%	19.5%
Federal/Other	2.0%	2.9%
	Budgeted Expenditures 2021/2022	Actual Expenditures 2020/2021
Instruction	60.4%	60.0%
Support Services	29.8%	28.9%
Noninstructional Services	2.6%	2.6%
Capital Outlay	0.6%	0.7%
Fund Transfers/Debt	6.6%	7.8%

Special Session Act 1 - The Taxpayer Relief Act

On July 27, 2006, Governor Edward Rendell signed into law Special Sessions Act 1, also known as the Taxpayer Relief Act, which changed various aspects of Act 72 in 2004, originally signed into law in July 2004. Act 72 established a distribution system mechanism for new revenues that are expected to be available from the legalization of slot machines in various areas around the state. The main objective of the law was to increase state funding for education, thereby reducing local property taxes given the relative dependence of local school districts on such taxes.

One significant change contained in the new legislation is the expansion of property tax rate limits to all school districts in the state. Beginning in the 2007/2008 fiscal year, school districts will be required to hold tax rate increases to an annual index based on the average increase in the statewide average weekly wage and the employment cost index for schools. School districts may seek a variety of exemptions to the limit that need approval either from the Court of Common Pleas or the Pennsylvania Department of Education. School districts that do not seek an exemption will be required to hold a referendum in order to increase the property tax millage beyond the index. Historically, Fox Chapel Area School District has not exceeded this index.

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2021**

Contacting the School District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Kimberly Pawlishak, Business Manager at Fox Chapel Area School District, 611 Field Club Road, Pittsburgh, PA 15238, 412-967-2412.

Fox Chapel Area School District
Statement of Net Position
June 30, 2021

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 20,971,338	\$ 876,747	\$ 21,848,085
Investments	10,993,050	-	10,993,050
Taxes Receivable, Net	4,773,619	-	4,773,619
Due From Other Governments	4,301,071	182,936	4,484,007
Other Receivables	351,571	-	351,571
Inventories	-	37,503	37,503
Prepaid Items	1,205,698	-	1,205,698
Long-Term Prepayments (net of amortization)	1,148,361	-	1,148,361
Capital Assets not Being Depreciated			
Land	2,413,944	-	2,413,944
Capital Assets, Net of Accumulated Depreciation			
Land Improvements	9,166,161	-	9,166,161
Building & Building Improvements	93,841,892	-	93,841,892
Furniture & Equipment	2,285,650	11,923	2,297,573
	<u>151,452,355</u>	<u>1,109,109</u>	<u>152,561,464</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts Related to OPEB - District	2,592,086	-	2,592,086
Amounts Related to OPEB - PSERS	1,229,174	13,572	1,242,746
Amounts Related to Pension	27,973,356	311,349	28,284,705
	<u>31,794,616</u>	<u>324,921</u>	<u>32,119,537</u>
LIABILITIES			
Internal Balances	(767,320)	767,320	-
Accounts Payable	1,187,813	3,223	1,191,036
Accrued Salaries and Benefits	11,482,523	-	11,482,523
Payroll Deductions and Withholdings	27,586	-	27,586
Unearned Revenues	252,315	20,586	272,901
Other Current Liabilities	1,319,089	70,020	1,389,109
Noncurrent Liabilities:			
Due Within One Year	2,564,032	-	2,564,032
Due in More Than One Year:			
Notes Payable	1,378,616	-	1,378,616
Capital Leases	46,455	-	46,455
Compensated Absences	4,216,483	-	4,216,483
Bonds Payable	70,724,037	-	70,724,037
Other Post-Employment Benefits - District	14,609,012	-	14,609,012
Other Post-Employment Benefits - PSERS	7,226,033	78,967	7,305,000
Net Pension Liability	164,872,202	1,801,798	166,674,000
	<u>279,138,876</u>	<u>2,741,914</u>	<u>281,880,790</u>
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to OPEB - District	139,654	-	139,654
Amounts Related to OPEB - PSERS	788,384	8,616	797,000
Amounts Related to Pension	10,329,119	112,881	10,442,000
	<u>11,257,157</u>	<u>121,497</u>	<u>11,378,654</u>
NET POSITION			
Net Investment in Capital Assets	34,808,752	11,923	34,820,675
Unrestricted	<u>(141,957,814)</u>	<u>(1,441,304)</u>	<u>(143,399,118)</u>
TOTAL NET POSITION	<u>\$ (107,149,062)</u>	<u>\$ (1,429,381)</u>	<u>\$ (108,578,443)</u>

See Accompanying Notes

**Fox Chapel Area School District
Statement of Activities
Year Ended June 30, 2021**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
Instruction	\$ 67,599,400	\$ -	\$ 11,151,521	\$ -	\$ (56,447,879)	\$ -	\$ (56,447,879)
Instructional Student Support	8,503,114	-	1,482,851	-	(7,020,263)	-	(7,020,263)
Administrative and Financial Support Services	8,712,983	-	753,637	-	(7,959,346)	-	(7,959,346)
Operation and Maintenance of Plant Services	8,680,519	-	1,141,822	-	(7,538,697)	-	(7,538,697)
Pupil Transportation	3,588,892	-	1,637,106	-	(1,951,786)	-	(1,951,786)
Student Activities	2,629,454	-	250,396	-	(2,379,058)	-	(2,379,058)
Community Services	12,121	-	-	-	(12,121)	-	(12,121)
Interest on Long-Term Debt	2,621,661	-	-	2,549,930	(71,731)	-	(71,731)
Total Governmental Activities	102,348,144	-	16,417,333	2,549,930	(83,380,881)	-	(83,380,881)
Business-type Activities:							
Food Service	1,265,732	124,881	1,042,182	-	-	(98,669)	(98,669)
Total Primary Government	\$ 103,613,876	\$ 124,881	\$ 17,459,515	\$ 2,549,930	(83,380,881)	(98,669)	(83,479,550)
General Revenues							
Taxes							
Property Taxes Levied for General Purposes, Net					68,654,057	-	68,654,057
Earned Income Taxes					8,315,725	-	8,315,725
Real Estate Transfer Taxes					1,495,919	-	1,495,919
Other Taxes Levied for General Purposes, Net					184,421	-	184,421
Grants, Subsidies and Contributions not Restricted					5,298,694	-	5,298,694
Investment Earnings					56,942	52	56,994
Miscellaneous Income					158,874	-	158,874
Total General Revenues					84,164,632	52	84,164,684
Change in Net Position					783,751	(98,617)	685,134
Net Position - July 1, 2020					(107,932,813)	(1,330,764)	(109,263,577)
Net Position - June 30, 2021					\$(107,149,062)	\$(1,429,381)	\$(108,578,443)

See Accompanying Notes

**Fox Chapel Area School District
Balance Sheet
Governmental Funds
June 30, 2021**

	General Fund	Capital Projects Fund	Exhibit 3 Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 20,667,848	\$ 303,490	\$ 20,971,338
Investments	10,993,050	-	10,993,050
Taxes Receivable, Net	4,773,619	-	4,773,619
Due from Other Funds	767,320	2,148,724	2,916,044
Due from Other Governments	4,301,071	-	4,301,071
Other Receivables	351,571	-	351,571
Prepaid Items	1,205,698	-	1,205,698
	<u>43,060,177</u>	<u>2,452,214</u>	<u>45,512,391</u>
TOTAL ASSETS	\$ 43,060,177	\$ 2,452,214	\$ 45,512,391
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ 2,148,724	\$ -	\$ 2,148,724
Accounts Payable	1,120,294	67,519	1,187,813
Accrued Salaries and Benefits	11,482,523	-	11,482,523
Payroll Deductions and Withholdings	27,586	-	27,586
Unearned Revenues	252,315	-	252,315
	<u>15,031,442</u>	<u>67,519</u>	<u>15,098,961</u>
Total Liabilities	15,031,442	67,519	15,098,961
Deferred Inflows of Resources			
Unavailable Revenues - Property Taxes	3,299,068	-	3,299,068
	<u>3,299,068</u>	<u>-</u>	<u>3,299,068</u>
Fund Balances			
Nonspendable	1,205,698	-	1,205,698
Restricted	-	124,542	124,542
Committed	7,621,889	-	7,621,889
Assigned	7,925,253	2,260,153	10,185,406
Unassigned	7,976,827	-	7,976,827
	<u>24,729,667</u>	<u>2,384,695</u>	<u>27,114,362</u>
Total Fund Balances	24,729,667	2,384,695	27,114,362
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 43,060,177	\$ 2,452,214	\$ 45,512,391

See Accompanying Notes

**Fox Chapel Area School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021**

Exhibit 4

Total Fund Balances - Governmental Funds \$ 27,114,362

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 as assets in governmental funds. The cost of assets is \$185,557,872 and the accumulated depreciation is \$77,850,225. 107,707,647

Property taxes receivable will be collected in the future but are not available soon enough to pay for the current period's expenditures and, therefore, are not reported as assets in governmental funds. 3,299,068

Premiums on bonds issued and refunded are amortized over the life of the bonds as deferred outflows of resources in the statement of net position. (8,394,037)

The payment to the joint venture career and technical center is capitalized and amortized over the life of the notes in the statement of net position. 1,148,361

Long-term liabilities, including bonds and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds Payable	\$ (64,205,000)	
Accrued Interest on the Bonds	(1,319,089)	
Capital Leases Payable	(299,858)	
Notes Payable	(1,545,108)	
Compensated Absences	<u>(4,485,620)</u>	(71,854,675)

Some liabilities, including net pension obligations and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB Liability-PSERS	(7,226,033)	
OPEB Liability-District	(14,609,012)	
Net Pension Liability	<u>(164,872,202)</u>	(186,707,247)

**Fox Chapel Area School District
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2021**

Exhibit 4

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources Related to Pensions	27,973,356	
Deferred Inflows of Resources Related to Pensions	(10,329,119)	
Deferred Outflows of Resources Related to OPEB -District	2,592,086	
Deferred Outflows of Resources Related to OPEB -PSERS	1,229,174	
Deferred Inflows of Resources Related to OPEB -District	(139,654)	
Deferred Inflows of Resources Related to OPEB -PSERS	(788,384)	<u>20,537,459</u>
 Total Net Position - Governmental Activities		 <u>\$ (107,149,062)</u>

See Accompanying Notes

**Fox Chapel Area School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021**

Exhibit 5

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Local Sources	\$ 79,627,461	\$ 213	\$ 79,627,674
State Sources	22,070,035	-	22,070,035
Federal Sources	<u>1,558,321</u>	<u>-</u>	<u>1,558,321</u>
Total Revenues	<u>103,255,817</u>	<u>213</u>	<u>103,256,030</u>
Expenditures			
Instruction	59,744,531	-	59,744,531
Support Services	29,076,507	10,123	29,086,630
Noninstructional Services	2,400,903	-	2,400,903
Capital Outlay	589,678	1,088,067	1,677,745
Debt Service (Principal & Interest)	5,505,217	-	5,505,217
Refunds of Prior Year's Receipts	<u>50,814</u>	<u>-</u>	<u>50,814</u>
Total Expenditures	<u>97,367,650</u>	<u>1,098,190</u>	<u>98,465,840</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,888,167</u>	<u>(1,097,977)</u>	<u>4,790,190</u>
Other Financing Sources (Uses)			
Transfers In	-	2,826,219	2,826,219
Proceeds from Capital Leases	139,373	-	139,373
Sale/Compensation for Fixed Assets	68,362	-	68,362
Insurance Recoveries	25,264	-	25,264
Transfers Out	<u>(2,826,219)</u>	<u>-</u>	<u>(2,826,219)</u>
Total Other Financing Sources (Uses)	<u>(2,593,220)</u>	<u>2,826,219</u>	<u>232,999</u>
Net Changes in Fund Balances	3,294,947	1,728,242	5,023,189
Fund Balances - July 1, 2020	<u>21,434,720</u>	<u>656,453</u>	<u>22,091,173</u>
Fund Balances - June 30, 2021	<u>\$ 24,729,667</u>	<u>\$ 2,384,695</u>	<u>\$ 27,114,362</u>

See Accompanying Notes

**Fox Chapel Area School District
Reconciliation of the Governmental Funds
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2021**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ 5,023,189

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.

Depreciation Expense	\$ (4,608,016)	
Capital Outlays	2,514,312	
Net Book Value of Capital Assets Retired	(1,531,654)	(3,625,358)

Because some property taxes and other revenues will not be collected within the current financial resources measurement focus period, they are not considered as "available" revenues in the governmental funds. Unavailable revenues decreased by this amount this year. (141,683)

Repayment of bond, notes and capital lease payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,464,150

In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) and other post-employment benefits (OPEB) are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated Absences	(57,044)	
Other Post-Employment Benefits- PSERS	86,463	
Other Post-Employment Benefits- District	(120,518)	(91,099)

**Fox Chapel Area School District
 Reconciliation of the Governmental Funds
 and Changes in Fund Balances
 to the Statement of Activities
 Year Ended June 30, 2021**

Exhibit 6

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Net Change in Accrued Interest on Bonds		32,744
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Bond premium is reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Amortization of Bond Premium	545,374	
Amortization of Intangible Asset of Joint Venture Payment	<u>(146,599)</u>	398,775

Some Capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as an other financing source. The capital leases are not revenues in the statement of activities, but constitute long-term liabilities in the statement of net position.

(139,373)

Governmental funds report School District pension contributions as expenditures. However in the statement of activities the cost of pension benefits earned is reported as pension expense

District Pension Contributions to PSERS	15,403,598	
Cost of Benefits Earned	<u>(18,541,192)</u>	<u>(3,137,594)</u>

Change in Net Position of Governmental Activities		<u>\$ 783,751</u>
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See Accompanying Notes

**Fox Chapel Area School District
Statement of Net Position
Proprietary Funds
June 30, 2021**

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 876,747
Due From Other Governments	182,936
Inventories	<u>37,503</u>
Total Current Assets	<u>1,097,186</u>
Noncurrent Assets	
Furniture and Equipment, Net	<u>11,923</u>
TOTAL ASSETS	<u>1,109,109</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to OPEB-PSERS	13,572
Amounts Related to Pensions	<u>311,349</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>324,921</u>
LIABILITIES	
Current Liabilities	
Due to Other Funds	767,320
Accounts Payable	3,223
Unearned Revenues	20,586
Other Current Liabilities	<u>70,020</u>
Total Current Liabilities	<u>861,149</u>
Noncurrent Liabilities	
Net OPEB-PSERS	78,967
Net Pension Liability	<u>1,801,798</u>
Total Noncurrent Liabilities	<u>1,880,765</u>
TOTAL LIABILITIES	<u>2,741,914</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to OPEB-PSERS	8,616
Amounts Related to Pensions	<u>112,881</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>121,497</u>
NET POSITION	
Invested in Capital Assets	11,923
Unrestricted	<u>(1,441,304)</u>
TOTAL NET POSITION	<u><u>\$ (1,429,381)</u></u>

See Accompanying Notes

**Fox Chapel Area School District
Statement of Revenues, Expenses and Changes
in Net Position
Proprietary Funds
Year Ended June 30, 2021**

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	<u>\$ 124,881</u>
Operating Expenses	
Salaries	534,221
Employee Benefits	266,678
Purchased Property Services	6,436
Other Purchased Services	6,923
Supplies	440,792
Depreciation	3,978
Dues and Fees	1,908
Other Operating Expenditures	<u>4,796</u>
Total Operating Expenses	<u>1,265,732</u>
Operating Income (Loss)	<u>(1,140,851)</u>
Nonoperating Revenues (Expenses)	
Earnings on Investments	52
State Sources	141,095
Federal Sources	<u>901,087</u>
Total Nonoperating Revenues (Expenses)	<u>1,042,234</u>
Change in Net Position	(98,617)
Net Position - July 1, 2020	<u>(1,330,764)</u>
Net Position - June 30, 2021	<u>\$ (1,429,381)</u>

See Accompanying Notes

**Fox Chapel Area School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021**

Exhibit 9

	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	\$ 121,855
Cash Payments to Employees for Services	(849,601)
Cash Payments to Suppliers for Goods and Services	(369,680)
Cash Payments for Other Operating Expenses	<u>(6,704)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(1,104,130)</u>
Cash Flows From Non-Capital Financing Activities	
State Sources	138,379
Federal Sources	<u>728,876</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>867,255</u>
Cash Flows From Investing Activities	
Earnings on Investments	52
Loans Received (Paid)	<u>331,378</u>
Net Cash Provided by (Used for) Investing Activities	<u>331,430</u>
Net Increase (Decrease) in Cash and Cash Flows	94,555
Cash and Cash Equivalents - July 1, 2020	<u>782,192</u>
Cash and Cash Equivalents - June 30, 2021	<u>\$ 876,747</u>

**Fox Chapel Area School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021**

Exhibit 9

	Food Service Fund
Operating Income (Loss)	\$ (1,140,851)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	3,978
Change in Pensions and OPEB Liability	(48,702)
Donated Commodities	79,437
(Increase) Decrease in Accounts Receivable	2,524
(Increase) Decrease in Inventories	3,937
Increase (Decrease) in Accounts Payable	1,097
Increase (Decrease) in Other Current Liabilities	<u>(5,550)</u>
 Total Adjustments	 <u>36,721</u>
 Cash Provided by (Used for) Operating Activities	 <u>\$ (1,104,130)</u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2021, the School District received \$77,572 of U.S.D.A Donated Commodities in the food service fund.

See Accompanying Notes

**Fox Chapel Area School District
Statement of Net Position
Fiduciary Funds
June 30, 2021**

Exhibit 10

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	<u>\$ 161,629</u>
LIABILITIES	
	<u>-</u>
NET POSITION	
Restricted for:	
Student Groups	<u>161,629</u>
TOTAL NET POSITION	<u><u>\$ 161,629</u></u>

See Accompanying Notes

Fox Chapel Area School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021

Exhibit 11

	Custodial Fund
Additions	
Revenue from Student Activities	\$ 115,633
Interest Earnings	<u>44</u>
Total Additions	<u>115,677</u>
Deductions	
Student Activities Program Expenses	<u>134,299</u>
Change in Net Position	(18,622)
Net Position - July 1, 2020	<u>180,251</u>
Net Position - June 30, 2021	<u><u>161,629</u></u>

See Accompanying Notes

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

Note 1 - Summary of Significant Accounting Policies

Fox Chapel Area School District, located in Allegheny County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of the Boroughs of Aspinwall, Blawnox, Fox Chapel and Sharpsburg and the Townships of Indiana and O'Hara. The School District operates under a nine-person elected Board of Directors.

A. Basic Financial Statements - Government-Wide Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Fox Chapel Area School District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. In the government-wide statement of net position, governmental activities are represented on a consolidated basis by column.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

B. Basic Financial Statements - Fund Financial Statements

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental; proprietary; and fiduciary.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized in a single column. The nonmajor funds are combined in a column in the fund financial statements.

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The School District reports these major and nonmajor governmental funds and fund types:

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* accounts for financial resources to be used for the acquisition of construction of major capital facilities or equipment (other than those financed by proprietary funds).

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School District reports the following proprietary fund type:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The *food service fund* accounts for the revenues, food purchases and other costs and expenses for providing meals to students and/or faculty during the school year.

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and are therefore not available to support School District programs. The reporting focus is on net position and changes in net position. The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust funds, investment trust funds, private purpose trust funds, or custodial funds). The School District reports the following fiduciary fund type:

The *custodial fund* represents the School District's student activity funds. These funds account for student activities in the high school and middle school.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements, proprietary fund and fiduciary fund 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 provider have been met.

The 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 government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources (uses).

Property taxes, intergovernmental revenues, interest, rent and certain miscellaneous income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund and the custodial fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

D. Joint Venture

The School District is one of nine-member school districts of the A. W. Beattie Career Center (Beattie). Beattie provides vocational-technical training and education to participating students of the member districts. Beattie is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Beattie's operations are the responsibility of the Joint Committee, which consists of two representatives from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Beattie. The School District's share of annual operating and capital costs for Beattie fluctuates, based on the percentage of enrollment of each member district in the school. The School District's financial obligation to Beattie for the year ended June 30, 2021, was \$665,650 which was paid in the year ended June 30, 2021 to Beattie and reported in the School District's general fund. The School District has no equity interest in Beattie as of June 30, 2021. Complete financial statements for Beattie can be obtained from the administrative offices at 9600 Babcock Boulevard, Allison Park, PA 15101-2091.

E. Cash and Cash Equivalents

The School District's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices. Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School District and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

G. Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required and for which taxes may be levied. The general fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year. The School Board approved various budget transfers throughout the school year. There were \$678,763 of supplemental budgetary appropriations made during the year ended June 30, 2021.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

The final budget data reflected in the financial statements includes the effect of approved budget transfer amendments and, for comparative purposes. The actual amounts have also been presented. The School District expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services. Management may amend the budget without seeking prior approval of the Board within a function. Amendments between functions require prior Board approval. Excess of expenditures over appropriations in the general fund is presented in the required supplementary information section.

H. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

I. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund, if considered material. There was no material inventory balance as of June 30, 2021.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2021 are reported as unearned revenue.

J. Prepaid Items

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

K. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	20-40
Land Improvements	15-20
Furniture	15
Vehicles	8
Equipment	5-10
Computers	5

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 12 years.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has various items that qualify for reporting in this category. The items in the government-wide statement of net position are related to the participation in the cost-sharing defined benefit pension plan and the other post-employment benefit plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District has various items reported in the government-wide statement of net position relating to the cost-sharing defined benefit pension plan and other post-employment benefit plans. The School District has only one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discount are reported as deferred charges and amortized over the term of the related debt.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

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

N. Compensated Absences

The School District's policies regarding vacation and sick time is provided through various contracts. Employees can accumulate sick and/or vacation days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the amount of reimbursable unused vacation or sick leave to employees who have terminated their employment as of the end of the fiscal year, while the proprietary funds report the liability as it is incurred.

O. Defining Operating Revenues and Expenses

The School District's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the School District's food service fund consist of charges for meals and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

P. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Statements - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the School District classifies governmental fund balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action, approval of a motion by the majority of the School Board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially commit the money.

Assigned - reflects the School District's intent to use the money for a specific purpose but is not considered restricted or committed. The assignment of fund balance can be assigned by management in the business office.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

The School District's policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

The purposes of the nonspendable, restricted, committed and assigned fund balances as of June 30, 2021, are as follows:

General Fund

1. Nonspendable fund balance of \$1,205,698 is for prepaid items.

2. The committed fund balance of \$7,621,889 is for the following purposes:

a. Employer Retirement Future Increases	\$7,605,782
b. Arts Grants	<u>16,107</u>
	<u>\$7,621,889</u>

3. The assigned fund balance of \$7,925,253 is for future capital projects and/or improvements in the amount of \$7,846,153 and for athletic activities in the amount of \$79,100.

Capital Projects Fund

The restricted fund balance of \$124,542 is from the 2017 bond proceeds and is restricted for use on projects those bonds were issued for and the payment of capitalized interest on those bonds.

The assigned fund balance of \$2,260,153 in the capital projects fund is assigned for future capital projects district-wide in the amount of \$2,034,244 and for athletic capital development in the amount of \$225,909.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

Note 2 - Deposits and Investments

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2021, \$12,346,923 of the School District's bank balance of \$12,846,923 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging	
Bank's Agent not in the School District's Name	<u>\$12,346,923</u>

As of June 30, 2021, the School District had the following investments:

Investments	Fair Value
PLGIT	\$ 3,548,508
PSDLAF	16,484,658
PA Invest	<u>450,042</u>
	<u>\$ 20,483,208</u>

Interest Rate Risk – The School 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 Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1F. The School District has no investment policy that would further limit its investment choices. The School District's investments in Pennsylvania School District Liquid Asset Fund (PSDLAF), the Pennsylvania Local Government Investment Trust (PLGIT), PA Invest funds and First American Government Obligation Fund were rated AAAM by Standard & Poor's as of June 30, 2021.

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issue.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

Investments

The Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT) were established as common law trusts, organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the funds is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

PSDLAF and PLGIT are governed by an elected board of trustees who are responsible for the overall management of the funds. The trustees are elected from the several classes of local governments participating in the funds. The funds are audited annually by independent auditors. PSDLAF, PLGIT and PA Invest are local government investment pools and are exempt from the requirement of SEC's Rule 2(a)7 of the Investment Company Act of 1940. The funds measure for financial reporting purposes its assets at amortized cost and maintain a stable net asset value of \$1 per share. Accordingly, the fair values of the position in PSDLAF, PLGIT and PA Invest are the same as the value of shares. There are no limitations or restrictions on withdrawals.

Fair Value of Investments

The School 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 School District has no investments that require disclosure as of June 30, 2021 under this hierarchy.

Note 3 - Real Estate Taxes

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District's tax rate for all purposes in 2020/2021 was 19.8686 mills (\$19.8686 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2020/2021 is as follows:

Tax Levy Date	July 1, 2020
2% Discount Period	Through August 31, 2020
Face Payment Period	September 1 - October 31, 2020
10% Penalty Period	November 1 Until Liened
Lien Filing Date	July 1, 2021

Taxpayers who have been granted a homestead/farmstead exclusion may also pay their tax in installments. The installment plan consists of three payments due August 31, October 31 and November 30.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as deferred inflows of resources on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$3,299,068, net of estimated uncollectible accounts, along with other taxes receivable of \$1,474,551.

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2021, the following amounts are due from other governmental units:

	Governmental Funds	Enterprise Funds	Totals
Federal (through the state)	\$ 541,376	\$ 176,446	\$ 717,822
State	<u>3,759,695</u>	<u>6,490</u>	<u>3,766,185</u>
	<u>\$ 4,301,071</u>	<u>\$ 182,936</u>	<u>\$4,484,007</u>

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance 07/01/20	Additions	Deletions/ Transfers	Balance 06/30/21
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 2,413,944	\$ -	\$ -	\$ 2,413,944
Construction in Progress	<u>22,728,407</u>	<u>1,093,181</u>	<u>(23,821,588)</u>	<u>-</u>
Total Capital Assets not Being Depreciated	<u>25,142,351</u>	<u>1,093,181</u>	<u>(23,821,588)</u>	<u>2,413,944</u>
Capital Assets Being Depreciated				
Land Improvements	13,041,464	180,350	2,580,747	15,802,561
Buildings and Building Improv.	143,503,997	206,000	15,407,639	159,117,636
Furniture and Equipment	<u>7,866,017</u>	<u>1,034,781</u>	<u>(677,067)</u>	<u>8,223,731</u>
Total Capital Assets Being Depreciated	<u>164,411,478</u>	<u>1,421,131</u>	<u>17,311,319</u>	<u>183,143,928</u>

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

	Balance 07/01/20	Additions	Deletions/ Transfers	Balance 06/30/21
Less Accumulated Depreciation				
Land Improvements	6,636,952	553,743	(554,295)	6,636,400
Buildings and Building Improv.	65,383,122	3,656,017	(3,763,395)	65,275,744
Furniture and Equipment	<u>6,200,750</u>	<u>398,256</u>	<u>(660,925)</u>	<u>5,938,081</u>
Total Accumulated Depreciation	<u>78,220,824</u>	<u>4,608,016</u>	<u>(4,978,615)</u>	<u>77,850,225</u>
Total Capital Assets Being Depreciated, Net	<u>86,190,654</u>	<u>(3,186,885)</u>	<u>22,289,934</u>	<u>105,293,703</u>
Governmental Activities Capital Assets, Net	<u>\$111,333,005</u>	<u>\$ (2,093,704)</u>	<u>\$(1,531,654)</u>	<u>\$107,707,647</u>
Business-Type Activities				
Furniture and Equipment	\$ 598,595	\$ -	\$ -	\$ 598,595
Less Accumulated Depreciation and Equipment	<u>582,694</u>	<u>3,978</u>	<u>-</u>	<u>586,672</u>
Business-Type Activities Capital Assets, Net	<u>\$ 15,901</u>	<u>\$ (3,978)</u>	<u>\$ -</u>	<u>\$ 11,923</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

Instruction	\$ 3,952,069
Instructional Student Support	22,254
Administration and Financial Support Services	239,106
Operation and Maintenance of Plant Services	161,563
Student Activities	<u>233,024</u>

Total Depreciation Expense \$ 4,608,016

Business-Type Activities

Food Service	<u>\$ 3,978</u>
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Note 6 - Interfund Balances and Transfers

At June 30, 2021, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 767,320	\$2,148,724
Food Service	-	767,320
Capital Projects Fund	<u>2,148,724</u>	<u>-</u>
	<u>\$2,916,044</u>	<u>\$2,916,044</u>

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year.

For the year ended June 30, 2021, interfund transfers consisted of the general fund transferring \$2,826,219 to the capital project fund to fund capital projects.

Note 7 - Long-Term Liabilities

Long-term liability for the year ended June 30, 2021 was as follows:

	Balance 07/01/20	Additions	Reductions	Balance 06/30/21	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 66,005,000	\$ -	\$ 1,800,000	\$ 64,205,000	\$ 1,875,000
Plus: Bond Premium	8,939,411	-	545,374	8,394,037	-
Total Bonds Payable	<u>74,944,411</u>	<u>-</u>	<u>2,345,374</u>	<u>72,599,037</u>	<u>1,875,000</u>
General Obligation Notes	1,703,820	-	158,712	1,545,108	166,492
Capital Leases Payable	665,923	139,373	505,438	299,858	253,403
Compensated Absences	<u>4,428,576</u>	<u>57,044</u>	<u>-</u>	<u>4,485,620</u>	<u>269,137</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 81,742,730</u>	<u>\$ 196,417</u>	<u>\$ 3,009,524</u>	<u>\$ 78,929,623</u>	<u>\$ 2,564,032</u>

General Obligation Bonds

Capital Projects - \$43,535,000 Issue of 2013; due in annual installments through August 1, 2024; interest due semi-annually at 0.50% to 5.0%

\$ 35,145,000

Capital Projects - \$29,075,000 Issue of 2017; due in annual installments through February 1, 2042; interest due semi-annually at 1.05% to 5.0%

29,060,000

\$ 64,205,000

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General Obligation Note

\$2,297,434 Series of 2016; due in annual installments through October 15, 2028; interest due semi-annually at 0.50% to 5.0%

\$ 1,545,108

The debt service source for the above debt is the general fund.

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2021, including interest, are as follows:

Year Ended June 30,	General Obligation Bonds		General Obligation Notes		Totals
	Principal	Interest	Principal	Interest	
2022	\$ 1,875,000	\$ 3,120,182	\$ 166,492	\$ 49,076	\$ 5,210,750
2023	1,950,000	3,043,805	175,050	40,538	5,209,393
2024	2,040,000	2,953,942	183,608	31,571	5,209,121
2025	2,145,000	2,849,447	192,944	22,157	5,209,548
2026	2,255,000	2,739,578	200,724	15,327	5,210,629
2027-2031	13,135,000	11,841,408	626,290	20,683	25,623,381
2032-2036	16,720,000	8,253,350	-	-	24,973,350
2037-2041	20,935,000	4,029,500	-	-	24,964,500
2042	3,150,000	157,500	-	-	3,307,500
	<u>\$64,205,000</u>	<u>\$38,988,712</u>	<u>\$1,545,108</u>	<u>\$ 179,352</u>	<u>\$ 104,918,172</u>

Note 8 - Capital Lease

The School District has entered into lease agreements as lessee for financing the acquisition of computer equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases do not met the School District's capitalization policy.

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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

Year Ended June 30,	Governmental Activities
2022	\$ 256,831
2023	<u>47,146</u>
Total minimum lease payments	303,977
Less: Amount representing Interest	<u>(4,119)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 299,858</u></u>

Note 9 - Public School Employees' Retirement System (PSERS)

A. Summary of Significant Accounting Policies

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. 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.

B. General Information about the Pension Plan

1. Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

2. Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F).

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To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

3. Contributions

Member Contributions

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation.

Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

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Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2021 was 33.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$15,577,579 for the year ended June 30, 2021.

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the School District reported a liability of \$166,674,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the School District's proportion was 0.3385%, which was a decrease of 0.0012% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of \$18,670,897. At June 30, 2021, the School 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
Difference between expected and actual experience	\$ 436,000	\$ -
Net difference between projected and actual investment earnings	7,325,000	3,995,000
Changes in proportions	4,564,000	6,447,000
Difference between employer contributions and proportionate share of total contributions	382,126	-
Contributions subsequent to the measurement date	<u>15,577,579</u>	<u>-</u>
	<u>\$28,284,705</u>	<u>\$10,442,000</u>

\$15,577,579 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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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 Ended June 30,	
2022	\$ (2,093,884)
2023	151,618
2024	2,038,700
2025	<u>2,168,692</u>
	<u>\$ 2,265,126</u>

1. Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the System's total pension liability at June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.25%, includes inflation at 2.75%.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 and by adding expected inflation.

The pension plan's policy in regard to allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status of the benefits provided through the pension.

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0%	5.2%
Private Equity	15.0%	7.2%
Fixed Income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Risk parity	8.0%	3.3%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Cash	6.0%	-1.0%
Financing (LIBOR)	<u>-14.0%</u>	-0.7%
	<u>100%</u>	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

2. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

3. Sensitivity of School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	(In Thousands)		
	1.00% Decrease	Current Discount Rate	1.00% Increase
	6.25%	7.25%	8.25%
School District's proportionate share of the net pension liability	\$ 206,211	\$ 166,674	\$ 133,181

Fox Chapel Area School District
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4. Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

Note 10 - Tax Shelter Annuity

Under the current Act 93 agreement which is effective for the period July 1, 2016 through June 30, 2021, the School District will contribute \$1 for every \$2 contributed into a tax-sheltered annuity of the employee's choice. The maximum per employee board contribution in each year of the agreement shall not exceed \$6,000. The total contributed by the School District in the year ended June 30, 2021, was \$89,722.

Note 11 - Contingent Liabilities

Fox Chapel Area School District participates in a number of federally assisted grant programs, principal of which are Education Stabilization Fund and National School Lunch Program. The programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for and including the year ended June 30, 2021 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

The COVID-19 pandemic has continued to impact the School District. During the year ended June 30, 2021, the School District incurred additional expenses related to mitigating the effects of the pandemic on staff and students. The ultimate outcome cannot be determined at this time. The School District's staff will continue to monitor operating results to mitigate any financial impact that may occur.

As a response to COVID-19, the Coronavirus Aid, Relief and Economics Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act were enacted by Congress to provide budgetary relief to educational agencies. This funding is reflected in these and in future financial statements.

Note 12 - Other Post-Employment Benefit Plan

A. Plan Description

Fox Chapel Area School District administers a single-employer defined benefit healthcare plan ("the Supplemental Health Plan"). The plan provides medical, and in some cases dental, vision, and life insurance, for five groups of employees: teachers; administrators; secretaries/aides; custodial/maintenance; confidential secretaries; and cafeteria workers. The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the School District and union or group representing the employees. The plan does not issue a publicly available financial report.

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B. Funding Policy

The eligibility and the benefits for each group are as follows:

1) Medical Benefits

For all Employees Eligible for Benefits

Upon retirement, employees have a choice of either a PPO or an EPO product. Both programs are provided through the Allegheny County Schools Health Insurance Consortium (ACSHIC) and are Administered by Highmark. The PPO program is referred to as Community Blue Flex PPO and the EPO is referred to as Community Blue Flex EPO.

Note: For all employee groups other than the Teachers, both programs are offered to current active employees. The only option currently available to the Teachers is the PPO. However, upon retiring, Teachers can choose either the PPO or the EPO.

Current Incentive

The current incentive for Administrators is in effect through June 30, 2021.

The incentive states: The disbursement of \$300 per month offered in the 2014-2019 FCEA Collective Bargaining Agreement Retirement Plan (item #1) can be extended, for those members who choose to retire after the 2015-2016 school year, for 10 years or until member reaches other government-sponsored insurance eligibility (currently 65 years of age), whichever is longer. The District shall assess a 2% administrative fee above the cost of premiums for coverage that is provided.

The current incentive for the Confidential Secretaries is in effect through June 30, 2024.

The incentives state: The District will provide to a Confidential Employee with a minimum of 20 years, and a maximum of 35 years, in the Public School Employees Retirement System (PSERS), upon retirement from employment with the School District, a disbursement of \$300 a month for a period of 10 years following the date of retirement or until the Confidential Employee reaches other government-sponsored insurance eligibility, (currently 65 years of age), whichever comes first.

Note: Effective July 1, 2018 and ending June 30, 2020, a new incentive went into effect for Teachers and Administrators. The incentive provides for a postretirement medical benefit for a period of 10 years or attainment of age 65, whichever occurs first. In order to be eligible for this incentive, a Teacher/Administrator must have provided written notice of their intent to retire within a designated timeframe.

For all tiers other than Family, the Teacher/Administrator is required to contribute the \$100 monthly PSERS allowance. For Family coverage, the Teacher/Administrator will be required to contribute the \$100 PSERS allowance plus the difference between the Family and the Husband/Wife rate.

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Prior Incentives

The incentive which was in place prior to the current incentive was in effect through June 30, 2013 and also pertained to teachers and administrators. The terms of the incentive were identical to the current incentive as stated above.

The incentive which was in place prior to the June 30, 2013 incentive was in effect through June 30, 2010, and also pertained to teachers and administrators.

The Memorandum of Understanding for this incentive states that: The School District will provide to teachers and administrators with a minimum of 20 years and a maximum of 35 years of service in the PSERS system, a disbursement of \$286 a month for a period of 10 years following the date of retirement or until the teacher/administrator reaches other government-sponsored insurance eligibility, whichever comes first.

In order to maintain retiree medical coverage, a retiree must contribute the difference between the cost of coverage and the \$286 School District allowance. In lieu of retiree medical benefits, retirees are eligible to receive the \$286 stipend in cash.

Benefit Duration

Benefits are provided to the retiree and/or spouse to the age of 65 or until the retiree and/or spouse reaches other government-sponsored insurance eligibility, whichever comes first.

Contributions

The amount a retiree must contribute toward post-retirement medical coverage depends on whether or not the employee retired under a retirement incentive. Retirees who did not retire under an incentive must pay 100% of the cost of coverage.

2) Life Insurance

Upon retirement, teachers and administrators are provided with \$1,000 of paid-up life insurance.

3) Dental/Vision

Retirees are also eligible for dental and/or vision benefits.

All retirees must pay for 100% of the cost of dental and/or vision benefits. These benefits are provided until the retiree and/or spouse attains Medicare eligibility.

4) Long-Term Disability

For those employees who are in receipt of a disability pension through PSERS, the School District will allow the individual to continue medical coverage up to age 65, provided that the individual contributes 100% of the premium rate.

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5) Employees Covered by Benefit Terms

At July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	53
Active employees	<u>484</u>
	<u>537</u>

C. Total OPEB Liability

The School District's total OPEB liability of \$14,609,012 was measured as of July 1, 2020 and was determined by an actuarial valuation performed as of July 1, 2019. Standard roll-forward techniques were used to roll-forward the liability from the valuation date to the measurement date using updated assumptions.

D. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation and the roll-forward was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	2.50%
Discount Rate	2.21%
Healthcare Cost Trend	6.75% for 2020/2021
Rates	decreasing by 0.25% through 2030

The discount rate was based on the Bond Buyers 20-Bond Index.

Mortality rates were based on the RPH-2012 Total Dataset Mortality Table projected using Scale MP-2019.

The actuarial assumptions used in the July 1, 2020 valuation roll-forward were selected using input from the School District based upon actual experience.

**Fox Chapel Area School District
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E. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	\$ 13,704,982
Changes for the year:	
Service Cost	313,045
Interest	479,674
Changes of assumptions or other inputs	891,806
Benefit Payments	<u>(780,495)</u>
Net Changes	<u>904,030</u>
Balance at June 30, 2021	<u><u>\$ 14,609,012</u></u>

F. Changes of Assumptions and Other Inputs

- Updated the discount rate from 3.50% to 2.21%.
- Updated the mortality improvement scale and table.

G. Sensitivity of the Total Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
	1.21%	2.21%	3.21%
Total OPEB Liability	\$ 15,796,789	\$ 14,609,012	\$ 13,622,273

H. Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 13,645,374	\$ 14,609,012	\$ 15,492,771

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I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the School District recognized OPEB Expense of \$120,518. At June 30, 2021, the School District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 1,136,049	\$ 139,654
Difference between expected and actual experience	622,883	-
Benefit payments subsequent to the measurement date	<u>833,154</u>	<u>-</u>
	<u>\$ 2,592,086</u>	<u>\$ 139,654</u>

The \$833,154 amount reported as deferred outflows of resources resulting from the School District's benefit payments subsequent to the measurement date will be recognized as a reduction in next year's total OPEB liability. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ 160,953
2023	160,953
2024	160,953
2025	160,953
2026	160,953
Thereafter	<u>814,513</u>
	<u>\$1,619,278</u>

Note 13 - Other Post-Employment Benefits - PSERS

A. Summary of Significant Accounting Policies

Other Post-Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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B. General Information about the Health Insurance Premium Assistance Program

1. Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

2. Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program

3. Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

4. Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$381,188 for the year ended June 30, 2021.

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C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the School District reported a liability of \$7,305,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the School District's proportion was 0.3381%, which was a decrease of 0.0016% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$290,299. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 67,000	\$ -
Changes in assumptions	298,000	160,000
Net difference between projected and actual investment earnings	13,000	-
Changes in proportions	476,000	637,000
Difference between employer contributions and proportionate share of total contributions	7,558	-
Contributions subsequent to the measurement date	381,188	-
	<u>\$ 1,242,746</u>	<u>\$ 797,000</u>

\$381,188 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ (54,701)
2023	(63,638)
2024	(64,952)
2025	187,849
2026	42,000
Thereafter	18,000
	<u>\$ 64,558</u>

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1. Actuarial Assumptions

The total OPEB liability as of June 30, 2020 was determined by rolling forward the System's total OPEB liability at June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.79 %, S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

**Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021**

Investments consist primarily of short term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan’s policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	-1.00%
US Core Fixed Income	46.5%	-0.10%
Non-US Developed Fixed	<u>3.2%</u>	-0.10%
	<u>100%</u>	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

2. Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.66%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 2.66% which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

3. Sensitivity of System Net OPEB Liability to Change in the Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2020, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

The following presents the System net OPEB liability for June 30, 2020, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	(In Thousands)		
	1.00% Decrease	Current Rate	1.00% Increase
System net OPEB Liability	\$ 7,304	\$ 7,305	\$ 7,306

4. Sensitivity of School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66%) or 1 percentage point higher (3.66%) than the current rate:

	(In Thousands)		
	1.00% Decrease 1.66%	Current Discount Rate 2.66%	1.00% Increase 3.66%
School District's proportionate share of the net OPEB liability	\$ 8,329	\$ 7,305	\$ 6,457

5. OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

Note 14 - Risk Management

The School District is one of forty-six members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$10,099,534 and \$9,906,309 for the years ended June 30, 2021 and 2020, respectively.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net position or deficiency in net position, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2021, the net position of the Consortium was \$63,689,030 of which \$2,070,738 is attributable to the School District.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2021

The School District participates in an insurance program offered by a commercial insurance company. It purchases commercial insurance policies for risks of losses for casualty, worker’s compensation and liability claims.

The School District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 15 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2021, were \$9,719,937.

This includes \$8,017,562 recognized for revenues and expenditures relating to pension contributions for its employees that the Commonwealth of Pennsylvania paid to the Public School Employees’ Retirement System (PSERS) for pension and \$1,702,375 to the federal government for social security and Medicare taxes for the year ended June 30, 2021. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

Note 16 - Operating Lease

The School District entered into operating lease agreements for copiers. Total payments made in the current fiscal year on these leases were \$504,000.

Total future lease payments to be made by the School District under the above leases are as follows:

Year Ended June 30,	Amount
2022	\$ 504,000
2023	504,000
2024	504,000
2025	<u>504,000</u>
	<u><u>\$ 2,016,000</u></u>

Note 17 – Prior Period Restatement

As a result of the implementation of GASB Statement No. 84 “*Fiduciary Activities*”, the School District made a prior period adjustment to record net position for its Custodial Fund within its fiduciary activities. This prior period adjustment and its effect on net position at July 1, 2020 was an increase in Custodial Fund net position of \$180,251. Prior to the implementation of GASB Statement No. 84, custodial fund assets equaled liabilities and did not involve measurement of results of operations.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$ 64,999,174	\$ 64,999,174	\$ 66,628,786	\$ 1,629,612
Public Utility Realty Taxes	73,000	73,996	73,996	-
Payments in Lieu of Current Taxes	15,000	15,000	17,328	2,328
Local Services Taxes	100,100	100,100	93,097	(7,003)
Earned Income Taxes	6,985,000	6,985,000	8,043,449	1,058,449
Real Estate Transfer Taxes	1,000,000	1,000,000	1,495,919	495,919
Delinquencies on Taxes	2,700,000	2,700,000	2,490,044	(209,956)
Earnings on Investments	200,000	200,000	56,729	(143,271)
Other Local Revenues				
Revenue from Student Activities	235,000	235,000	37,547	(197,453)
Federal Revenues from IU	553,200	541,447	542,373	926
Contributions & Donations from Private Sources	107,915	142,521	40,530	(101,991)
Rentals	45,000	45,000	14,966	(30,034)
Tuition from other LEAs	77,000	77,000	4,125	(72,875)
Svcs. Prov. Other Local Gov't. Units	75,000	75,825	13,026	(62,799)
Refund of Prior Year's Expenditures	50,000	50,000	16,399	(33,601)
Miscellaneous Revenue	67,500	67,981	59,147	(8,834)
Total Revenues from Local Sources	<u>77,282,889</u>	<u>77,308,044</u>	<u>79,627,461</u>	<u>2,319,417</u>
State Sources				
Basic Instructional & Oper. Subsidies				
Basic Instructional Subsidy	3,785,191	3,785,191	3,785,148	(43)
Tuition	-	-	60,071	60,071
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	2,417,779	2,417,779	2,417,752	(27)
Subsidies for Noneduc. Programs				
Transportation (Regular & Additional)	1,100,000	1,615,640	1,615,636	(4)
Rentals & Sinking Fund Payments	523,722	523,722	2,549,930	2,026,208
Ready to Learn Block Grant	205,030	205,030	205,030	-

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Health Services	85,000	77,889	77,889	-
State Property Tax Reduction	1,473,016	1,473,016	1,473,016	-
Safe Schools Grant	187,070	275,693	275,693	-
Social Security Payments	1,770,000	1,770,000	1,682,109	(87,891)
State Retirement Revenue	7,900,700	7,900,700	7,927,761	27,061
Total Revenues from State Sources	19,447,508	20,044,660	22,070,035	2,025,375
Federal Sources				
Restricted Grants-In-Aid from the Fed. Gov't. through the Commonwealth				
Title I	426,923	419,471	419,471	-
Title II	97,886	92,255	92,255	-
Title III	5,000	5,000	-	(5,000)
Title IV	32,162	32,181	32,181	-
Elementary & Secondary School Emergency Relief Fund (ESSER)	349,000	306,441	331,231	24,790
Elementary & Secondary School Emergency Relief Fund (ESSER II)	-	207,697	182,908	(24,789)
Other CARES Act Funding	-	242,348	242,348	-
Medical Assistance - Access	250,000	248,816	248,816	-
Medical Assistance - Admin.	2,000	2,000	9,111	7,111
Total Revenues from Federal Sources	1,162,971	1,556,209	1,558,321	2,112
Total Revenues	97,893,368	98,908,913	103,255,817	4,346,904
Other Financing Sources				
Insurance Recoveries	-	25,264	25,264	-
Sale of Capital Assets	100,000	100,000	68,362	(31,638)
Proceeds from Extended Term Financing	140,000	140,000	139,373	(627)
Total Other Financing Sources	240,000	265,264	232,999	(32,265)
Total Revenues and Other Financing Sources	98,133,368	99,174,177	103,488,816	4,314,639

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	26,894,558	26,686,808	26,987,642	(300,834)
Employee Benefits	16,756,472	16,757,984	16,655,666	102,318
Purchased Prof. and Tech. Services	1,147,365	1,146,995	795,100	351,895
Purchased Property Services	46,723	46,333	26,725	19,608
Other Purchased Services	703,871	734,300	728,734	5,566
Supplies	797,299	880,738	668,918	211,820
Property	154,419	247,970	225,147	22,823
Other Objects	22,124	10,479	2,691	7,788
Total Regular Programs	<u>46,522,831</u>	<u>46,511,607</u>	<u>46,090,623</u>	<u>420,984</u>
Special Programs				
Personal Services				
Salaries	6,331,228	6,333,173	6,101,121	232,052
Employee Benefits	3,983,129	3,981,184	3,782,975	198,209
Purchased Prof. and Tech. Services	1,068,600	1,090,773	664,711	426,062
Purchased Property Services	17,500	17,500	18,356	(856)
Other Purchased Services	1,602,612	1,608,383	1,641,335	(32,952)
Supplies	49,459	54,410	32,916	21,494
Property	11,500	11,500	2,940	8,560
Other Objects	7,050	8,000	7,191	809
Total Special Programs	<u>13,071,078</u>	<u>13,104,923</u>	<u>12,251,545</u>	<u>853,378</u>
Vocational Education Programs				
Other Purchased Services	<u>678,000</u>	<u>678,000</u>	<u>665,650</u>	<u>12,350</u>
Other Instructional Programs				
Personal Services				
Salaries	421,103	443,153	289,349	153,804
Employee Benefits	223,421	232,369	144,344	88,025
Purchased Prof. and Tech. Services	32,950	32,950	-	32,950
Other Purchased Services	4,500	4,500	56	4,444
Supplies	2,250	2,250	9,909	(7,659)
Other Objects	-	18,992	275	18,717
Total Other Instructional Programs	<u>684,224</u>	<u>734,214</u>	<u>443,933</u>	<u>290,281</u>

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Nonpublic School Programs				
Purchased Prof. and Tech. Services	17,105	10,315	9,671	644
Supplies	-	9,375	8,892	483
Total Nonpublic School Programs	17,105	19,690	18,563	1,127
Pre-Kindergarten				
Personal Services				
Salaries	147,879	147,879	175,145	(27,266)
Employee Benefits	77,559	77,559	97,977	(20,418)
Supplies	5,695	5,695	1,095	4,600
Total Pre-Kindergarten	231,133	231,133	274,217	(43,084)
Total Instruction	61,204,371	61,279,567	59,744,531	1,535,036
Support Services				
Pupil Personnel				
Personal Services				
Salaries	2,091,916	2,091,916	2,183,586	(91,670)
Employee Benefits	1,340,860	1,340,860	1,367,836	(26,976)
Purchased Prof. and Tech. Services	244,010	241,323	234,855	6,468
Purchased Property Services	24,000	24,000	7,441	16,559
Other Purchased Services	1,200	1,200	286	914
Supplies	158,315	172,644	153,668	18,976
Property	36,900	36,900	80,852	(43,952)
Other Objects	66,400	66,400	499	65,901
Total Pupil Personnel	3,963,601	3,975,243	4,029,023	(53,780)
Instructional Staff				
Personal Services				
Salaries	1,979,500	1,919,241	1,836,089	83,152
Employee Benefits	1,236,277	1,200,312	1,173,021	27,291
Purchased Prof. and Tech. Services	78,742	74,669	73,446	1,223
Purchased Property Services	57,300	52,300	25,122	27,178

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Purchased Services	19,690	11,470	2,507	8,963
Supplies	338,735	409,608	322,109	87,499
Property	170,000	492,049	437,512	54,537
Other Objects	6,468	6,550	2,596	3,954
	<u>3,886,712</u>	<u>4,166,199</u>	<u>3,872,402</u>	<u>293,797</u>
Total Instructional Staff				
Administration				
Personal Services				
Salaries	2,934,138	3,089,138	3,354,462	(265,324)
Employee Benefits	1,754,597	1,754,597	1,811,990	(57,393)
Purchased Prof. and Tech. Services	1,006,300	970,300	807,147	163,153
Purchased Property Services	3,915	6,515	4,248	2,267
Other Purchased Services	102,527	107,725	76,331	31,394
Supplies	90,284	94,950	48,384	46,566
Property	7,000	7,000	-	7,000
Other Objects	117,208	130,869	109,813	21,056
	<u>6,015,969</u>	<u>6,161,094</u>	<u>6,212,375</u>	<u>(51,281)</u>
Total Administration				
Pupil Health				
Personal Services				
Salaries	370,907	370,907	369,214	1,693
Employee Benefits	233,395	233,395	222,118	11,277
Purchased Prof. and Tech. Services	21,215	21,215	18,138	3,077
Purchased Property Services	1,450	992	1,045	(53)
Other Purchased Services	150	150	-	150
Supplies	7,738	8,196	6,231	1,965
Other Objects	675	675	650	25
	<u>635,530</u>	<u>635,530</u>	<u>617,396</u>	<u>18,134</u>
Total Pupil Health				
Business				
Personal Services				
Salaries	427,708	427,708	442,222	(14,514)
Employee Benefits	262,008	262,008	285,787	(23,779)
Purchased Prof. and Tech. Services	52,960	52,960	41,107	11,853
Purchased Property Services	428,641	428,641	541,885	(113,244)

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Purchased Services	250	250	234	16
Supplies	183,700	181,054	176,885	4,169
Property	-	2,646	2,646	-
Other Objects	9,538	9,538	5,473	4,065
Total Business	1,364,805	1,364,805	1,496,239	(131,434)
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	3,362,691	3,375,454	3,280,829	94,625
Employee Benefits	2,168,453	2,168,453	2,190,571	(22,118)
Purchased Prof. and Tech. Services	159,950	175,778	160,929	14,849
Purchased Property Services	715,750	723,750	634,800	88,950
Other Purchased Services	246,600	271,800	267,256	4,544
Supplies	1,462,970	1,673,392	1,715,495	(42,103)
Property	87,510	140,297	152,100	(11,803)
Other Objects	3,550	3,985	6,502	(2,517)
Total Oper. and Maint. of Plant Svcs.	8,207,474	8,532,909	8,408,482	124,427
Student Transportation Services				
Personal Services				
Salaries	104,843	104,843	103,627	1,216
Employee Benefits	66,339	66,339	65,030	1,309
Purchased Prof. and Tech. Services	5,000	5,000	4,500	500
Other Purchased Services	4,549,043	4,549,043	3,408,585	1,140,458
Total Student Transportation Services	4,725,225	4,725,225	3,581,742	1,143,483
Central				
Personal Services				
Salaries	183,477	251,606	239,862	11,744
Employee Benefits	140,188	178,577	228,831	(50,254)
Purchased Prof. and Tech. Services	74,750	89,625	68,417	21,208
Purchased Property Services	40,100	44,950	37,012	7,938
Other Purchased Services	21,250	19,260	5,489	13,771
Supplies	152,010	166,340	174,622	(8,282)
Other Objects	900	975	1,120	(145)
Total Central	612,675	751,333	755,353	(4,020)

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Other				
Other Purchased Services	100,000	98,903	98,903	-
Supplies	6,450	6,450	4,592	1,858
Total Other	<u>106,450</u>	<u>105,353</u>	<u>103,495</u>	<u>1,858</u>
Total Support Services	<u>29,518,441</u>	<u>30,417,691</u>	<u>29,076,507</u>	<u>1,341,184</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	1,275,120	1,275,120	1,260,845	14,275
Employee Benefits	602,733	602,733	560,955	41,778
Purchased Prof. and Tech. Services	102,802	109,652	102,483	7,169
Purchased Property Services	86,451	77,457	62,169	15,288
Other Purchased Services	264,518	262,943	172,767	90,176
Supplies	160,822	161,568	141,144	20,424
Property	68,824	96,334	59,508	36,826
Other Objects	53,673	52,923	28,911	24,012
Total Student Activities	<u>2,614,943</u>	<u>2,638,730</u>	<u>2,388,782</u>	<u>249,948</u>
Community Services				
Purchased Prof. and Tech. Services	37,500	37,500	6,555	30,945
Supplies	4,000	-	-	-
Other Objects	12,000	12,000	5,566	6,434
Total Community Services	<u>53,500</u>	<u>49,500</u>	<u>12,121</u>	<u>37,379</u>
Total Noninstructional Services	<u>2,668,443</u>	<u>2,688,230</u>	<u>2,400,903</u>	<u>287,327</u>
Facilities Acquisition, Construction and Improvement Services				
Purchased Property Services	678,230	808,722	551,264	257,458
Supplies	15,600	15,600	14,102	1,498
Property	-	24,312	24,312	-
Total Facilities Acquisition, Construction and Improvement Services	<u>693,830</u>	<u>848,634</u>	<u>589,678</u>	<u>258,956</u>

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Debt Service				
Interest	3,300,685	3,200,685	3,199,779	906
Refunds of Prior Year's Receipts	-	100,000	50,814	49,186
Redemption of Principal	2,297,523	2,297,523	2,305,438	(7,915)
Total Debt Service	5,598,208	5,598,208	5,556,031	42,177
Total Expenditures	99,683,293	100,832,330	97,367,650	3,464,680
Other Financing Uses				
Fund Transfers				
Capital Projects Fund	825,000	823,000	2,826,219	(2,003,219)
Food Service Fund	-	2,000	-	2,000
Budgetary Reserve	1,500,000	1,029,726	-	1,029,726
Total Other Financing Uses	2,325,000	1,854,726	2,826,219	(971,493)
Total Expenditures and Other Financing Uses	102,008,293	102,687,056	100,193,869	2,493,187
Net Change in Fund Balance	(3,874,925)	(3,512,879)	3,294,947	6,807,826
Fund Balance - July 1, 2020	19,302,129	19,302,129	21,434,720	2,132,591
Fund Balance - June 30, 2021	\$ 15,427,204	\$ 15,789,250	\$ 24,729,667	\$ 8,940,417

Fox Chapel Area School District
Note to the Required Supplementary Information
Budget Comparison
June 30, 2021

Note 1 – Budgetary Information

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budget during the year).

**Fox Chapel Area School District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
and Related Ratios
Last Five Years**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability					
Service Cost	\$ 313,045	\$ 455,645	\$ 445,227	\$ 204,684	\$ -
Interest	479,674	489,384	440,475	278,495	-
Change of benefit terms	-	(49,716)	-	4,728,579	-
Difference between expected and actual experience	-	564,963	-	228,120	-
Change of assumptions and other inputs	891,806	180,322	(186,205)	252,436	-
Benefit Payments	(780,495)	(581,198)	(357,675)	(350,917)	-
Net Change in Total OPEB Liability	904,030	1,059,400	341,822	5,341,397	-
Total OPEB Liability - Beginning	13,704,982	12,645,582	12,303,760	6,962,363	-
Total OPEB Liability - Ending	<u>\$ 14,609,012</u>	<u>\$ 13,704,982</u>	<u>\$ 12,645,582</u>	<u>\$ 12,303,760</u>	<u>\$ 6,962,363</u>
Covered-Employee Payroll	\$ 40,452,536	\$ 39,465,889	\$ 39,828,273	\$ 38,856,852	\$ 41,467,596
Total OPEB Liability as a Percentage of Covered-Employee Payroll	36.11%	34.73%	31.75%	31.66%	16.79%

Notes to Schedule:

GASB 75 was implemented beginning with fiscal year ended June 30, 2018.

Assumption Changes:

Discount rate used for fiscal year ending:

2021	2.21%
2020	3.50%

Changes were made to the mortality improvement scale and the mortality table.

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**Fox Chapel Area School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS
Last Seven Years**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 15,536,052	\$ 15,846,731	\$ 15,237,184	\$ 14,431,717	\$ 11,703,684	\$ 11,664,195	\$ 8,584,556
Contributions in Relation to the Contractually Required Contribution	<u>15,536,052</u>	<u>15,846,731</u>	<u>15,237,184</u>	<u>14,431,717</u>	<u>11,703,684</u>	<u>11,664,195</u>	<u>8,584,556</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 46,156,891	\$ 47,449,816	\$ 46,855,076	\$ 45,805,695	\$ 40,081,109	\$ 47,431,251	\$ 42,692,360
Contributions as a Percentage of Covered Payroll	33.66%	33.40%	32.52%	31.51%	29.20%	24.59%	20.11%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**Fox Chapel Area School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net Pension Liability
PSERS
Last Eight Years
(Dollar Amount in Thousands)**

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
School District's Proportion of the Net Pension Liability (Asset)	0.3385%	0.3397%	0.3401%	0.3010%	0.3662%	0.3318%	0.3228%	0.3187%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 166,674	\$ 158,921	\$ 163,265	\$ 148,659	\$ 181,477	\$ 143,720	\$ 127,766	\$ 130,463
School District's Covered Payroll	\$ 47,450	\$ 46,855	\$ 45,806	\$ 40,081	\$ 47,431	\$ 42,692	\$ 41,193	\$ 40,894
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	351.26%	339.18%	356.43%	370.90%	382.61%	336.64%	310.16%	319.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.49%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**Fox Chapel Area School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS OPEB Plan
Last Four Years**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 381,188	\$ 397,240	\$ 385,609	\$ 381,570
Contributions in Relation to the Contractually Required Contribution	<u>381,188</u>	<u>397,240</u>	<u>385,609</u>	<u>381,570</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$46,156,891	\$47,449,816	\$46,855,076	\$ 45,805,695
Contributions as a Percentage of Covered Payroll	0.83%	0.84%	0.82%	0.83%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**Fox Chapel Area School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net OPEB Liability
PSERS OPEB Plan
Last Four Years
(Dollar Amount in Thousands)**

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
School District's Proportion of the Net OPEB Liability (Asset)	0.3381%	0.3397%	0.3401%	0.0030%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 7,305	\$ 7,225	\$ 7,091	\$ 6,133
School District's Covered Payroll	\$ 47,450	\$ 46,855	\$ 45,806	\$ 40,081
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	15.40%	15.42%	15.48%	15.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.69%	5.56%	5.56%	5.73%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

SINGLE AUDIT SECTION

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Members of the Board
Fox Chapel Area School District
Pittsburgh, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Fox Chapel Area School District for the period ended June 30, 2021 were prepared to fulfill the requirements of the Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports are as follows:

- A. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- B. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
December 22, 2021

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EXHIBIT A

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Members of the Board
Fox Chapel Area School District
Pittsburgh, Pennsylvania

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fox Chapel Area School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Fox Chapel Area School District's basic financial statements, and have issued our report thereon dated December 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fox Chapel Area School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fox Chapel Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fox Chapel Area School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fox Chapel Area School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
December 22, 2021

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EXHIBIT B

**Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by the Uniform Guidance**

Members of the Board
Fox Chapel Area School District
Pittsburgh, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Fox Chapel Area School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fox Chapel Area School District's major federal programs for the year ended June 30, 2021. Fox Chapel Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fox Chapel Area School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fox Chapel Area School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Fox Chapel Area School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Fox Chapel Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Fox Chapel Area School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fox Chapel Area School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fox Chapel Area School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
December 22, 2021

**Fox Chapel Area School District
Schedule of Findings and Questioned Costs
June 30, 2021**

EXHIBIT C

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report was unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes ✓ no
- Significant deficiency(ies) identified? _____ yes ✓ none reported

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes ✓ no
- Significant deficiency(ies) identified? _____ yes ✓ none reported

Type of auditor's report issued on compliance for major programs was unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ yes ✓ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553; 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ✓ yes _____ no

**Fox Chapel Area School District
Schedule of Findings and Questioned Costs
June 30, 2021**

EXHIBIT C

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were noted.

Section IV – Status of Prior Year’s Findings

No prior year’s findings.

**Fox Chapel Area School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021**

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/20	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/21
U.S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I Improving Basic Programs	I	84.010	013-210154	08/28/20-09/30/21	\$ 419,471	\$ 299,861	\$ -	\$ 419,471	\$ 419,471	\$ 119,610
Title II Improving Teacher Quality	I	84.367	020-210154	08/28/20-09/30/21	92,255	59,086	-	92,255	92,255	33,169
Title II Improving Teacher Quality	I	84.367	020-200154	07/01/19-09/30/20	94,346	6,212	6,212	-	-	-
						<u>65,298</u>	<u>6,212</u>	<u>92,255</u>	<u>92,255</u>	<u>33,169</u>
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-210154	08/28/20-09/30/21	32,181	9,195	-	32,181	32,181	22,986
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-200154	07/01/19-09/30/20	32,162	2,144	6,432	-	-	4,288
						<u>11,339</u>	<u>6,432</u>	<u>32,181</u>	<u>32,181</u>	<u>27,274</u>
COVID-19 Elementary and Secondary School										
Emergency Relief Fund (ESSER)										
	I	84.425D	200-200154	03/13/20-09/30/21	348,519	348,519	-	306,442	306,442	(42,077)
COVID-19 Elementary and Secondary School										
Emergency Relief Fund (ESSER II)										
	I	84.425D	200-210154	03/13/20-09/30/23	1,548,975	-	-	182,908	182,908	182,908
						<u>348,519</u>	<u>-</u>	<u>489,350</u>	<u>489,350</u>	<u>140,831</u>
COVID-19 SECIM	I	84.425C	252-200154	03/13/20-09/30/21	40,828	10,744	-	-	-	(10,744)
Passed through the Pennsylvania										
Commission on Crime and Delinquency										
COVID-19 Safety and Security Grant	I	84.425D	2020-ES-01-35449	3/13/20-09/30/22	116,112	-	-	24,789	24,789	24,789
						<u>359,263</u>	<u>-</u>	<u>514,139</u>	<u>514,139</u>	<u>154,876</u>
Special Education Cluster										
Passed through the Lancaster-Lebanon										
Intermediate Unit										
IDEA B	I	84.027	062-210033	07/01/20-09/30/21	8,000	4,000	-	4,926	4,926	926
Passed through the Allegheny Intermediate Unit										
IDEA B	I	84.027	062-210003	07/01/20-09/30/21	531,973	245,943	-	531,973	531,973	286,030
IDEA B	I	84.027	062-200003	07/01/19-09/30/20	515,280	315,119	315,119	-	-	-
IDEA B Section 619	I	84.173	131-200003	07/01/20-06/30/21	5,474	5,474	-	5,474	5,474	-
Subtotal Special Education Cluster						<u>570,536</u>	<u>315,119</u>	<u>542,373</u>	<u>542,373</u>	<u>286,956</u>

**Fox Chapel Area School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021**

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/20	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/21
Passed through the Allegheny Intermediate Unit Title III ESL	I	84.365	010-200603	07/01/19-09/30/20	3,615	<u>3,615</u>	<u>3,615</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal U.S. Department of Education						<u>1,309,912</u>	<u>331,378</u>	<u>1,600,419</u>	<u>1,600,419</u>	<u>621,885</u>
U.S. Department of Treasury Passed through the Pennsylvania Commission on Crime and Delinquency COVID-19 Health & Safety Grant	I	21.019	2020-CS-01-34185	03/01/20-10/30/20	277,372	<u>277,372</u>	<u>35,024</u>	<u>242,348</u>	<u>242,348</u>	<u>-</u>
U.S. Department of Health and Human Services Passed through the Pennsylvania Department of Public Welfare Medical Assistance Reimb. for Adm. Title 19	I	93.778	N/A	07/01/20-06/30/21	N/A	<u>6,310</u>	<u>3,647</u>	<u>9,111</u>	<u>9,111</u>	<u>6,448</u>
U.S. Department of Agriculture Passed through the Pennsylvania Department of Education National School Lunch Program	I	10.555	N/A	07/01/20-06/30/21	N/A	602,544	54,734	697,519	697,519	149,709
National School Breakfast Program	I	10.553	N/A	07/01/20-06/30/21	N/A	125,502	28,938	123,161	123,161	26,597
Passed through the Pennsylvania Department of Agriculture National School Lunch Program (Donated Commodities Non Cash Assistance)	I	10.555	N/A	07/01/20-06/30/21	N/A	<u>77,572</u>	<u>(22,451)</u>	<u>79,437</u>	<u>79,437</u>	<u>(20,586)</u>
Total Child Nutrition Cluster						<u>805,618</u>	<u>61,221</u>	<u>900,117</u>	<u>900,117</u>	<u>155,720</u>
Passed through the Pennsylvania Department of Education Fresh Fruit and Vegetable Program	I	10.582	N/A	07/01/20-06/30/21	N/A	830	-	970	970	140
Total U.S. Department of Agriculture						<u>806,448</u>	<u>61,221</u>	<u>901,087</u>	<u>901,087</u>	<u>155,860</u>
Total Federal Financial Assistance						<u>\$ 2,400,042</u>	<u>\$ 431,270</u>	<u>\$ 2,752,965</u>	<u>\$ 2,752,965</u>	<u>\$ 784,193</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**Fox Chapel Area School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

EXHIBIT D

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Fox Chapel Area School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Fox Chapel Area School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Fox Chapel Area School District.

Note B - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Fox Chapel Area School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C - Source Code

The Source Code (I) indicates funds received indirectly.

Note D - Reconciliation with Subsidy Confirmation

Amounts Received Per Schedule	\$2,400,042
Less: Commodities Received	(77,572)
Less: Passed Through AIU	(570,151)
Less: Title 19	(6,310)
Add: Medical Assistance - Access	250,000
Less: Passed Through PCCD	(277,372)
Less: Passed Through Lancaster IU	(4,000)
Add: State Funding on Confirmation	<u>28,311</u>
 Per Subsidy Confirmation	 <u>\$1,742,948</u>

Note E - Subrecipients

The School District did not pass through any federal expenditures to subrecipients.

**Fox Chapel Area School District
List of Report Distribution
June 30, 2021**

EXHIBIT E

1 Copy – Bureau of Audits

1 Copy – Bureau of the Census