

**Fox Chapel Area School District
Financial Statements
June 30, 2025**



**Fox Chapel Area School District
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Independent Auditor's Report

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

Opinions

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, 2025, 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.

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, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fox Chapel Area School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fox Chapel Area School District's basic financial statements. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 January 8, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
January 8, 2026

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2025**

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, 2025. 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 expense continues 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) was 33.90% in 2024/2025, a slight decrease from the previous year. The total contributions paid were \$16,982,075 in 2024/2025, a slight decrease of 0.13% from the prior year. PSERS alone still accounts for over 14% of the total budget.

The millage rate increased from the previous year to 21.5128 mills for the 2024/2025 school year, an increase of 3.75%.

The School District did exceed the anticipated revenue budget. In 2024/2025, the actual revenue variance from the original budget was \$1,567,049, or 1.34% of actual revenue received. This variance is largely attributed to an increase in delinquent tax collections and an increase in actual state subsidies for basic education and special education compared to the original budgeted amounts. It is worth noting however that current real estate tax collections came in \$442,296 lower than originally budgeted, in response to Allegheny County's reduced CLR (Common Level Ratio) which is resulting in reduced assessment values across the county.

Actual expenditures for the fiscal year were in line with the original budget, with a variance of \$2,924,493 lower than originally budget for 2024/2025.

The School District completed the fiscal year 2024/2025 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 decreased by \$10,760,317 to \$131,715,504 and the District's total net position increased by \$9,137,488 creating a negative net position of \$(67,058,899) at the end of fiscal year 2025.

The School District's business-type activity, which is comprised of the food service Expenditures remained close to budget and the fund saw a positive net change at the end of the year.

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.

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2025**

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.

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

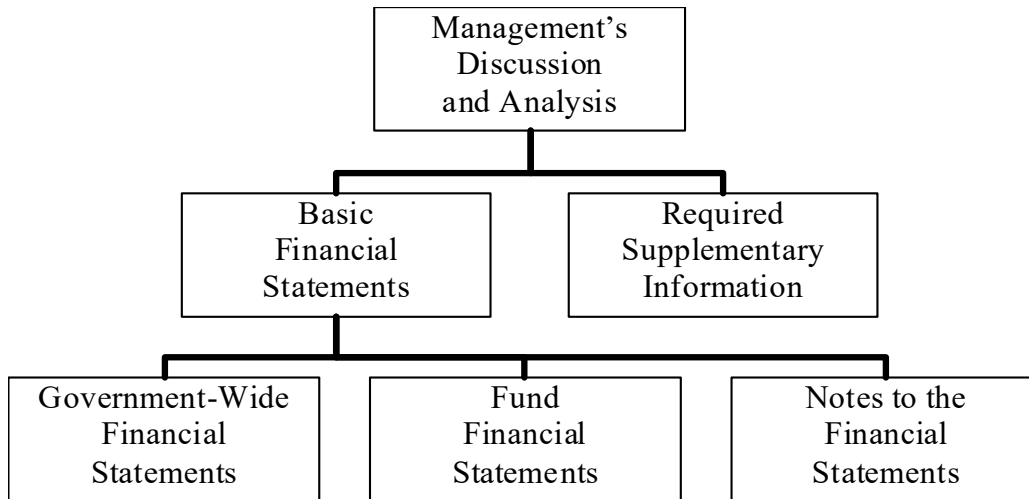


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2025**

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, 2025

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.

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.

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2025**

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 \$(66,938,250) at June 30, 2025 and a deficit \$(76,195,178) at June 30, 2024.

Table A - 1
Years Ended June 30, 2025 and 2024
Net Position

	2025			2024		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Current and Other Assets	\$ 62,175,633	\$ 1,540,526	\$ 63,716,159	\$ 60,071,362	\$ 1,664,326	\$ 61,735,688
Capital Assets	92,747,354	260,912	93,008,266	95,250,362	120,911	95,371,273
Total Assets	154,922,987	1,801,438	156,724,425	155,321,724	1,785,237	157,106,961
Deferred Outflows of Resources	24,257,688	279,268	24,536,956	29,095,462	309,413	29,404,875
Current and Other Liabilities	16,493,404	97,220	16,590,624	15,936,683	110,559	16,047,242
Noncurrent Liabilities						
Due Within One Year	2,495,641	-	2,495,641	2,917,421	-	2,917,421
Due in More Than One Year	215,987,796	1,790,959	217,778,755	230,131,114	1,912,606	232,043,720
Total Liabilities	234,976,841	1,888,179	236,865,020	248,985,218	2,023,165	251,008,383
Deferred Inflows of Resources	11,262,733	71,878	11,334,611	11,628,355	70,276	11,698,631

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2025**

Table A - 1
Years Ended June 30, 2025 and 2024
Net Position

	2025			2024		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Net Position						
Net Investment in Capital Assets	30,240,845	260,912	30,501,757	29,414,588	120,911	29,535,499
Unrestricted	<u>(97,299,744)</u>	<u>(140,263)</u>	<u>(97,440,007)</u>	<u>(105,610,975)</u>	<u>(119,702)</u>	<u>(105,730,677)</u>
Total Net Position	<u>\$ (67,058,899)</u>	<u>\$ 120,649</u>	<u>\$ (66,938,250)</u>	<u>\$ (76,196,387)</u>	<u>\$ 1,209</u>	<u>\$ (76,195,178)</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, 2025**

Table A - 2
Years Ended June 30, 2025 and 2024
Changes in Net Position

	2025			2024		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 1,043,620	\$ 1,043,620	\$ -	\$ 1,062,373	\$ 1,062,373
Operating Grants and Contribs.	17,343,209	1,364,386	18,707,595	18,207,857	1,456,629	19,664,486
Capital Grants and Contribs.	1,016,608	-	1,016,608	973,671	-	973,671
General Revenues						
Property Taxes	74,158,438	-	74,158,438	73,678,919	-	73,678,919
Other Taxes	14,900,701	-	14,900,701	12,257,450	-	12,257,450
Grants, Subsidies and Contribs.						
Not Restricted	8,603,298	-	8,603,298	7,480,394	7,000	7,487,394
Investment Earnings	2,701,641	66,702	2,768,343	3,174,276	71,294	3,245,570
Other	202,608	-	202,608	361,020	-	361,020
Total Revenues	118,926,503	2,474,708	121,401,211	116,133,587	2,597,296	118,730,883
Expenses						
Instruction	69,966,701	-	69,966,701	71,466,197	-	71,466,197
Instructional Student Support	10,109,379	-	10,109,379	9,712,933	-	9,712,933
Admin. and Fin. Support Svcs.	9,912,933	-	9,912,933	9,933,346	-	9,933,346
Operation and Maintenance						
of Plant Services	9,820,085	-	9,820,085	9,307,104	-	9,307,104
Pupil Transportation	4,676,884	-	4,676,884	4,468,245	-	4,468,245
Student Activities	3,346,067	-	3,346,067	3,240,991	-	3,240,991
Community Services	78,638	-	78,638	103,610	-	103,610
Scholarships	10,000	-	10,000	5,000	-	5,000
Interest on Long-Term Debt	1,868,328	-	1,868,328	1,985,741	-	1,985,741
Food Service	-	2,355,268	2,355,268	-	2,423,536	2,423,536
Total Expenses	109,789,015	2,355,268	112,144,283	110,223,167	2,423,536	112,646,703
Increase (Decrease) in Net Position	9,137,488	119,440	9,256,928	5,910,420	173,760	6,084,180
Beginning Net Position	(76,196,387)	1,209	(76,195,178)	(82,106,807)	(172,551)	(82,279,358)
Ending Net Position	\$ (67,058,899)	\$ 120,649	\$ (66,938,250)	\$ (76,196,387)	\$ 1,209	\$ (76,195,178)

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2025**

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, 2025 and 2024
Governmental Activities

	2025		2024	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Instruction	\$ 69,966,701	\$57,226,506	\$ 71,466,197	\$59,079,253
Instructional Student Support	10,109,379	8,731,700	9,712,933	7,593,272
Admin. and Fin. Support Svcs.	9,912,933	9,066,450	9,933,346	9,124,699
Operation and Maintenance of Plant Services	9,820,085	9,040,791	9,307,104	7,939,634
Pupil Transportation	4,676,884	3,385,495	4,468,245	3,267,828
Student Activities	3,346,067	3,049,590	3,240,991	2,944,514
Community Services	78,638	66,946	103,610	75,369
Scholarships and Awards	10,000	10,000	5,000	5,000
Interest on Long-Term Debt	<u>1,868,328</u>	<u>851,720</u>	<u>1,985,741</u>	<u>1,012,070</u>
Total Governmental Activities	<u>\$109,789,015</u>	91,429,198	<u>\$110,223,167</u>	91,041,639
Less:				
Unrestricted Grants, Subsidies		<u>(8,603,298)</u>		<u>(7,480,394)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$82,825,900</u>		<u>\$83,561,245</u>

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2025**

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, 2025 and 2024
Business-Type Activities

	2025		2024	
	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>\$2,355,268</u>	\$ 52,738	<u>\$2,423,536</u>	\$ 95,466
Add/Less:				
Investment Earnings		<u>(66,702)</u>		<u>(71,294)</u>
Total Business-Type Activities		<u>\$ (13,964)</u>		<u>\$ 24,172</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, 2025, the School District's general fund reported a fund balance of \$33,318,035, which is an increase of \$2,673,122. The District's original 2024/2025 budget anticipated a decrease to fund balance of \$1,818,420, including planned drawdowns from both the PSERS committed fund balance as well as the unassigned fund balance. 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, 2025, 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.

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

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2025**

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 2024/2025, there was a transfer to capital projects relating to the district's Multi-Year Capital Projects Plan. There was also a transfer to capital projects as a result of athletic ticket sales. The assigned fund balance for the capital projects fund was \$9,341,874 as of June 30, 2025.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2025, the School District governmental funds had \$92,747,354 invested in a broad range of capital assets, including land, land improvements, buildings, furniture and equipment, construction in progress and intangible right-to-use assets. This amount represents a net decrease (including additions, deletions and depreciation/amortization) of \$2,503,008 or 3.0% from last year.

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

	2025	2024
Land	\$ 2,413,944	\$ 2,413,944
Land Improvements	7,527,265	8,146,580
Buildings and Building Improvements	77,811,564	81,905,901
Furniture and Equipment	1,747,340	1,777,051
Construction in Progress	3,223,825	477,959
Intangible Right-to-Use Assets	23,416	528,927

Debt Administration

As of July 1, 2024, the School District had total outstanding bond and note principal of \$56,679,958. The total outstanding bond and note principal as of June 30, 2025 is \$54,527,014.

Table A - 6
Outstanding Debt

	As of 06/30/25	As of 06/30/24
General Obligation Bonds/Notes		
Bonds - Series of 2017	\$ 29,040,000	\$ 29,045,000
Bonds - Series of 2022	24,660,000	26,615,000
Notes - Series of 2016	827,014	1,019,958

**Fox Chapel Area School District
Management’s Discussion and Analysis
June 30, 2025**

Other obligations include lease & subscription liabilities and 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+. 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

Enrollment for 2024/2025 was 4,278, with 1,938 at the elementary. Projected enrollment at the middle school, grades six through eight, was 979, and high school enrollment was projected at 1,361.

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, 2030, professional staff through June 30, 2028 and with the educational support staff through June 30, 2029. The School District does not, at this time, anticipate any large future reductions in professional staff.

The budget for the 2025/2026 year is \$4,009,226 more than the original budget for 2024/2025. The 2025/2026 budget also includes transfers to the capital projects fund in the amount of \$1,500,000 for future capital projects plans including the continuation of an HVAC project at Hartwood Elementary. The School District is anticipating having to draw down \$1,000,832 from its fund balance to balance the 2025/2026 budget.

At June 30, 2025, the unassigned fund balance was approximately \$10,763,484.

The comparison of revenue and expenditure categories is as follows:

Table A - 7

	Budgeted Revenue 2025/2026	Actual Revenue 2024/2025
Local	78.3%	78.5%
State	20.8%	20.4%
Federal/Other	0.9%	1.1%
	Budgeted Expenditures 2025/2026	Actual Expenditures 2024/2025
Instruction	59.1%	59.7%
Support Services	29.0%	29.3%
Noninstructional Services	2.7%	2.9%
Capital Outlay	1.6%	3.3%
Fund Transfers/Debt	7.6%	4.8%

**Fox Chapel Area School District
Management's Discussion and Analysis
June 30, 2025**

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.

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 Ryan Manzer CPA, Director of Finance 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, 2025

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 39,858,919	\$ 1,459,903	\$ 41,318,822
Investments	10,049,506	-	10,049,506
Taxes Receivable, Net	5,249,552	-	5,249,552
Internal Balances	21,028	-	21,028
Due From Other Governments	4,340,959	24,049	4,365,008
Other Receivables	522,636	524	523,160
Inventories	-	56,050	56,050
Prepaid Items	1,571,069	-	1,571,069
Long-Term Prepayments (net of amortization)	561,964	-	561,964
Capital Assets not Being Depreciated			
Land	2,413,944	-	2,413,944
Construction in Progress	3,223,825	-	3,223,825
Capital Assets, Net			
Land Improvements	7,527,265	-	7,527,265
Building & Building Improvements	77,811,564	-	77,811,564
Furniture & Equipment	1,747,340	260,912	2,008,252
Intangible Right-to-use Assets	23,416	-	23,416
TOTAL ASSETS	154,922,987	1,801,438	156,724,425
DEFERRED OUTFLOWS OF RESOURCES			
Amounts Related to OPEB - District	4,786,858	-	4,786,858
Amounts Related to OPEB - PSERS	685,120	9,411	694,531
Amounts Related to Pension	18,785,710	269,857	19,055,567
TOTAL DEFERRED OUTFLOWS OF RESOURCES	24,257,688	279,268	24,536,956
LIABILITIES			
Internal Balances	-	21,028	21,028
Accounts Payable	1,855,728	-	1,855,728
Retainage Payable	279,833	-	279,833
Accrued Salaries and Benefits	12,634,191	-	12,634,191
Payroll Deductions and Withholdings	146,434	-	146,434
Unearned Revenues	464,269	33,589	497,858
Other Current Liabilities	1,112,949	42,603	1,155,552
Noncurrent Liabilities:			
Due Within One Year	2,495,641	-	2,495,641
Due in More Than One Year:			
Subscription Liabilities	9,513	-	9,513
Notes Payable	626,290	-	626,290
Compensated Absences	4,294,756	-	4,294,756
Bonds Payable	56,917,196	-	56,917,196
Other Post-Employment Benefits - District	16,871,000	-	16,871,000
Other Post-Employment Benefits - PSERS	5,553,537	72,463	5,626,000
Net Pension Liability	131,715,504	1,718,496	133,434,000
TOTAL LIABILITIES	234,976,841	1,888,179	236,865,020
DEFERRED INFLOWS OF RESOURCES			
Deferred Charge on Refunding	3,510,923	-	3,510,923
Amounts Related to OPEB - District	2,242,688	-	2,242,688
Amounts Related to OPEB - PSERS	1,190,467	15,533	1,206,000
Amounts Related to Pension	4,318,655	56,345	4,375,000
TOTAL DEFERRED INFLOWS OF RESOURCES	11,262,733	71,878	11,334,611
NET POSITION			
Net Investment in Capital Assets	30,240,845	260,912	30,501,757
Unrestricted	(97,299,744)	(140,263)	(97,440,007)
TOTAL NET POSITION	\$ (67,058,899)	\$ 120,649	\$ (66,938,250)

See Accompanying Notes

**Fox Chapel Area School District
Statement of Activities
Year Ended June 30, 2025**

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	\$ 69,966,701	\$ -	\$ 12,740,195	\$ -	\$ (57,226,506)	\$ -	\$ (57,226,506)
Instructional Student Support	10,109,379	-	1,377,679	-	(8,731,700)	-	(8,731,700)
Administrative and Financial Support Services	9,912,933	-	846,483	-	(9,066,450)	-	(9,066,450)
Operation and Maintenance of Plant Services	9,820,085	-	779,294	-	(9,040,791)	-	(9,040,791)
Pupil Transportation	4,676,884	-	1,291,389	-	(3,385,495)	-	(3,385,495)
Student Activities	3,346,067	-	296,477	-	(3,049,590)	-	(3,049,590)
Community Services	78,638	-	11,692	-	(66,946)	-	(66,946)
Scholarships and Awards	10,000	-	-	-	(10,000)	-	(10,000)
Interest on Long-Term Debt	1,868,328	-	-	1,016,608	(851,720)	-	(851,720)
Total Governmental Activities	109,789,015	-	17,343,209	1,016,608	(91,429,198)	-	(91,429,198)
Business-type Activities:							
Food Service	2,355,268	1,043,620	1,364,386	-	-	52,738	52,738
Total Primary Government	\$ 112,144,283	\$ 1,043,620	\$ 18,707,595	\$ 1,016,608	(91,429,198)	52,738	(91,376,460)
General Revenues							
Taxes							
Property Taxes Levied for General Purposes, Net					74,158,438	-	74,158,438
Earned Income Taxes					10,382,434	-	10,382,434
Real Estate Transfer Taxes					1,308,088	-	1,308,088
Other Taxes Levied for General Purposes, Net					3,210,179	-	3,210,179
Grants, Subsidies and Contributions not Restricted					8,603,298	-	8,603,298
Investment Earnings					2,701,641	66,702	2,768,343
Miscellaneous Income					202,608	-	202,608
Total General Revenues					100,566,686	66,702	100,633,388
Change in Net Position					9,137,488	119,440	9,256,928
Net Position - July 1, 2024					(76,196,387)	1,209	(76,195,178)
Net Position - June 30, 2025					\$ (67,058,899)	\$ 120,649	\$ (66,938,250)

See Accompanying Notes

**Fox Chapel Area School District
Balance Sheet
Governmental Funds
June 30, 2025**

Exhibit 3

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 30,202,403	\$ 9,656,516	\$ 39,858,919
Investments	10,049,506	-	10,049,506
Taxes Receivable, Net	5,249,552	-	5,249,552
Due from Other Funds	23,639	-	23,639
Due from Other Governments	4,340,959	-	4,340,959
Other Receivables	522,636	-	522,636
Prepaid Items	1,571,069	-	1,571,069
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 51,959,764	\$ 9,656,516	\$ 61,616,280
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ -	\$ 2,611	\$ 2,611
Accounts Payable	1,823,530	32,198	1,855,728
Retainage Payable	-	279,833	279,833
Accrued Salaries and Benefits	12,634,191	-	12,634,191
Payroll Deductions and Withholdings	146,434	-	146,434
Unearned Revenues	464,269	-	464,269
	<hr/>	<hr/>	<hr/>
Total Liabilities	15,068,424	314,642	15,383,066
Deferred Inflows of Resources			
Unavailable Revenues - Property Taxes	3,573,306	-	3,573,306
	<hr/>	<hr/>	<hr/>
Fund Balances			
Nonspendable	1,571,069	-	1,571,069
Committed	6,821,889	-	6,821,889
Assigned	14,161,592	9,341,874	23,503,466
Unassigned	10,763,484	-	10,763,484
	<hr/>	<hr/>	<hr/>
Total Fund Balances	33,318,034	9,341,874	42,659,908
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 51,959,764	\$ 9,656,516	\$ 61,616,280

See Accompanying Notes

**Fox Chapel Area School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2025**

Exhibit 4

Total Fund Balances - Governmental Funds \$ 42,659,908

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 \$190,840,110 and the accumulated depreciation is \$98,116,172. 92,723,938

Intangible right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The value of these assets is \$42,280 and the accumulated amortization is \$18,864. 23,416

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. 3,573,306

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. (5,277,196)

Deferred charges on refunding bonds issued are amortized over the life of the bonds as deferred outflows of resources in the statement of net position. (3,510,923)

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. 561,964

Long-term liabilities, including bonds and leases, 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	\$ (53,700,000)	
Accrued Interest on the Bonds	(1,112,949)	
Subscription Liabilities	(18,390)	
Notes Payable	(827,014)	
Compensated Absences	(4,520,796)	
		(60,179,149)

**Fox Chapel Area School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2025**

Exhibit 4

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	(5,553,537)	
OPEB Liability - District	(16,871,000)	
Net Pension Liability	(131,715,504)	(154,140,041)

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	18,785,710	
Deferred Inflows of Resources Related to Pensions	(4,318,655)	
Deferred Outflows of Resources Related to OPEB - District	4,786,858	
Deferred Outflows of Resources Related to OPEB - PSERS	685,120	
Deferred Inflows of Resources Related to OPEB - District	(2,242,688)	
Deferred Inflows of Resources Related to OPEB - PSERS	(1,190,467)	16,505,878

Total Net Position - Governmental Activities	\$ (67,058,899)
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See Accompanying Notes

**Fox Chapel Area School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025**

Exhibit 5

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Local Sources	\$ 93,219,016	\$ 483,976	\$ 93,702,992
State Sources	24,352,062	-	24,352,062
Federal Sources	1,317,001	-	1,317,001
	<u>118,888,079</u>	<u>483,976</u>	<u>119,372,055</u>
Total Revenues			
Expenditures			
Instruction	70,222,827	-	70,222,827
Support Services	34,431,683	15,694	34,447,377
Noninstructional Services	3,453,270	-	3,453,270
Capital Outlay	1,009,326	2,901,963	3,911,289
Debt Service (Principal & Interest)	5,229,534	502	5,230,036
Refunds of Prior Year's Receipts	376,986	-	376,986
	<u>114,723,626</u>	<u>2,918,159</u>	<u>117,641,785</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>4,164,453</u>	<u>(2,434,183)</u>	<u>1,730,270</u>
Other Financing Sources (Uses)			
Transfers In	-	1,530,066	1,530,066
Sale/Compensation for Fixed Assets	33,176	-	33,176
Insurance Recoveries	5,558	-	5,558
Transfers Out	(1,530,066)	-	(1,530,066)
	<u>(1,491,332)</u>	<u>1,530,066</u>	<u>38,734</u>
Total Other Financing Sources (Uses)			
Net Changes in Fund Balances	2,673,121	(904,117)	1,769,004
Fund Balances - July 1, 2024	<u>30,644,913</u>	<u>10,245,991</u>	<u>40,890,904</u>
Fund Balances - June 30, 2025	<u>\$ 33,318,034</u>	<u>\$ 9,341,874</u>	<u>\$ 42,659,908</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, 2025**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ 1,769,004

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 of the change between capital outlays and depreciation/amortization in the period.

Depreciation Expense	\$ (5,332,871)	
Intangible Right-to-Use Assets Amortization	(505,511)	
Capital Outlays	3,338,632	
Net Book Value of Capital Assets Retired	(3,258)	(2,503,008)

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 changed by this amount this year. (107,300)

Repayment of bond and notes principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,152,944

Payments for the intangible right-to-use assets are reported as principal and interest in governmental funds, but in the statement of activities, the asset is amortized and the repayment reduces the long-term liabilities in the statement of net position. 540,790

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	(47,057)	
Other Post-Employment Benefits- PSERS	76,072	
Other Post-Employment Benefits- District	28,261	57,276

**Fox Chapel Area School District
 Reconciliation of the Governmental Funds
 and Changes in Fund Balances
 to the Statement of Activities
 Year Ended June 30, 2025**

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		32,446
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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 and Deferred Gain on Refunding	828,474	
Amortization of Intangible Asset of Joint Venture Payment	<u>(146,599)</u>	681,875

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	16,560,123	
Cost of Benefits Earned	<u>(10,046,662)</u>	<u>6,513,461</u>

Change in Net Position of Governmental Activities		<u>\$ 9,137,488</u>
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See Accompanying Notes

**Fox Chapel Area School District
Statement of Net Position
Proprietary Funds
June 30, 2025**

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,459,903
Due From Other Governments	24,049
Other Receivables	524
Inventories	<u>56,050</u>
Total Current Assets	<u>1,540,526</u>
Noncurrent Assets	
Furniture and Equipment, Net	<u>260,912</u>
TOTAL ASSETS	<u>1,801,438</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to OPEB-PSERS	9,411
Amounts Related to Pensions	<u>269,857</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>279,268</u>
LIABILITIES	
Current Liabilities	
Due to Other Funds	21,028
Unearned Revenues	33,589
Other Current Liabilities	<u>42,603</u>
Total Current Liabilities	<u>97,220</u>
Noncurrent Liabilities	
Net OPEB-PSERS	72,463
Net Pension Liability	<u>1,718,496</u>
Total Noncurrent Liabilities	<u>1,790,959</u>
TOTAL LIABILITIES	<u>1,888,179</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to OPEB-PSERS	15,533
Amounts Related to Pensions	<u>56,345</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>71,878</u>
NET POSITION	
Invested in Capital Assets	260,912
Unrestricted	<u>(140,263)</u>
TOTAL NET POSITION	<u>\$ 120,649</u>

See Accompanying Notes

**Fox Chapel Area School District
Statement of Revenues, Expenses and Changes
in Net Position
Proprietary Funds
Year Ended June 30, 2025**

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	<u>\$ 1,043,620</u>
Operating Expenses	
Salaries	723,767
Employee Benefits	434,429
Purchased Property Services	6,928
Other Purchased Services	19,165
Supplies	1,237,054
Depreciation	20,028
Dues and Fees	2,659
Other Operating Expenditures	<u>1,138</u>
Total Operating Expenses	<u>2,445,168</u>
Operating Income (Loss)	<u>(1,401,548)</u>
Nonoperating Revenues (Expenses)	
Earnings on Investments	66,702
State Sources	400,596
Federal Sources	963,790
Refunds of Prior Year's Expenditures	<u>89,900</u>
Total Nonoperating Revenues (Expenses)	<u>1,520,988</u>
Change in Net Position	119,440
Net Position - July 1, 2024	<u>1,209</u>
Net Position - June 30, 2025	<u><u>\$ 120,649</u></u>

See Accompanying Notes

**Fox Chapel Area School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2025**

Exhibit 9

	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	\$ 1,038,553
Cash Payments to Employees for Services	(1,158,196)
Cash Payments to Suppliers for Goods and Services	(1,095,706)
Cash Payments for Other Operating Expenses	<u>(3,797)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(1,219,146)</u>
Cash Flows From Non-Capital Financing Activities	
State Sources	432,879
Federal Sources	<u>889,599</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>1,322,478</u>
Cash Flows From Capital and Related Financing Activities	
Facilities Acquisition/Const./Imp.Serv	<u>(160,029)</u>
Cash Flows From Investing Activities	
Earnings on Investments	66,702
Loans Received (Paid)	<u>(13,145)</u>
Net Cash Provided by (Used for) Investing Activities	<u>53,557</u>
Net Increase (Decrease) in Cash and Cash Flows	(3,140)
Cash and Cash Equivalents - July 1, 2024	<u>1,463,043</u>
Cash and Cash Equivalents - June 30, 2025	<u>\$ 1,459,903</u>

**Fox Chapel Area School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2025**

Exhibit 9

	Food Service Fund
Operating Income (Loss)	\$ (1,401,548)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	20,028
Donated Commodities	167,923
(Increase) Decrease in Accounts Receivable	(247)
(Increase) Decrease in Inventories	(482)
Increase (Decrease) in Other Current Liabilities	<u>(4,820)</u>
Total Adjustments	<u>182,402</u>
Cash Provided by (Used for) Operating Activities	<u>\$ (1,219,146)</u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2025, the School District received \$172,549 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, 2025**

Exhibit 10

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	<u>\$ 279,183</u>
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for:	
Student Groups	<u>279,183</u>
TOTAL NET POSITION	<u>\$ 279,183</u>

See Accompanying Notes

Fox Chapel Area School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2025

Exhibit 11

	Custodial Fund
Additions	
Revenue from Student Activities	\$ 444,758
Interest Earnings	<u>3,641</u>
Total Additions	<u>448,399</u>
Deductions	
Student Activities Program Expenses	<u>418,095</u>
Change in Net Position	30,304
Net Position - July 1, 2024	<u>248,879</u>
Net Position - June 30, 2025	<u><u>\$ 279,183</u></u>

See Accompanying Notes

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025

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
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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
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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*.

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.

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The School District's financial obligation to Beattie for the year ended June 30, 2025 was \$628,407 which was paid in the year ended June 30, 2025 to Beattie and reported in the School District's general fund. The School District has no equity interest in Beattie as of June 30, 2025. 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 \$998,839 of supplemental budgetary appropriations made during the year ended June 30, 2025.

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".

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025

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, 2025.

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, 2025 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.

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

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025

Assets	Years
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. Intangible Right-to-Use Assets

The School District has recorded intangible right-to-use assets as a result of implementing Governmental Accounting Standards Board (GASB) Statements No. 87 and No. 96. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease/subscription liability plus any payment made prior to the term, less any incentives, and plus any ancillary charges necessary to place the asset into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease/subscriptions.

M. 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 assets that applies to future periods 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 assets that applies to future periods 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.

N. 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.

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.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

O. 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.

P. 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.

Q. 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.

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.

**Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025**

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, committed and assigned fund balances as of June 30, 2025, are as follows:

General Fund

1. Nonspendable fund balance of \$1,571,069 is for prepaid items.
2. The committed fund balance of \$6,821,889 is for the following purposes:

a. Employer Retirement Future Increases	\$6,805,782
b. Arts Grants	<u>16,107</u>
	<u>\$6,821,889</u>
3. The assigned fund balance of \$14,161,592 is for future capital projects and/or improvements in the amount of \$14,000,000 and for athletic activities in the amount of \$161,592.

Capital Projects Fund

The assigned fund balance of \$9,341,874 in the capital projects fund is assigned for future capital projects district-wide.

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.

Fox Chapel Area School District
Notes to Financial Statements
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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, 2025, \$10,694,972 of the School District's bank balance of \$10,944,972 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>\$10,694,972</u>

As of June 30, 2025, the School District had the following investments:

Investments	Fair Value	Weighted Average Maturity (Years)
PLGIT	\$ 12,187,050	
PSDLAF	5,499,224	
First American Government Obligation Fund	3,434	
PA Invest	514,713	
U.S. Treasuries	<u>22,506,378</u>	0.29
	<u>\$ 40,710,799</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, 2025. The U.S. Treasuries are rated AA and AAA by Standard & Poor's and Moody's respectively.

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

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.

Fox Chapel Area School District
Notes to Financial Statements
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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 U.S. Treasuries fair value measurements are Level 1, the School District has no other investments that require disclosure as of June 30, 2025 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 2024/2025 was 21.5128 mills (\$21.5128 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2024/2025 is as follows:

Tax Levy Date	July 1, 2024
2% Discount Period	Through August 31, 2024
Face Payment Period	September 1 - October 31, 2024
10% Penalty Period	November 1 Until Liened
Lien Filing Date	July 1, 2025

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.

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 \$3,573,306, net of estimated uncollectible accounts, along with other taxes receivable of \$1,392,756.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025

Note 4 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2025, the following amounts are due from other governmental units:

	Governmental Funds	Enterprise Funds	Totals
Federal (through the state)	\$ 238,297	\$ 17,401	\$ 255,698
State	4,102,662	6,648	4,109,310
	<u>\$ 4,340,959</u>	<u>\$ 24,049</u>	<u>\$ 4,365,008</u>

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance 07/01/24	Additions	Deletions/ Transfers	Balance 06/30/25
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 2,413,944	\$ -	\$ -	\$ 2,413,944
Construction in Progress	477,959	2,916,202	(170,336)	3,223,825
Total Capital Assets not Being Depreciated	<u>2,891,903</u>	<u>2,916,202</u>	<u>(170,336)</u>	<u>5,637,769</u>
Capital Assets Being Depreciated/Amortized				
Land Improvements	\$ 16,618,311	\$ -	\$ -	\$ 16,618,311
Building and Building Improvements	160,280,747	151,426	170,336	160,602,509
Furniture and Equipment	7,857,235	271,004	146,718	7,981,521
Intangible Right-to-Use Assets	2,593,152	-	2,550,872	42,280
Total Capital Assets Being Depreciated/Amortized	<u>187,349,445</u>	<u>422,430</u>	<u>2,867,926</u>	<u>185,244,621</u>
Less Accumulated Depreciation/Amortization				
Land Improvements	8,471,731	619,315	-	9,091,046
Building and Building Improvements	78,374,846	4,416,099	-	82,790,945
Furniture and Equipment	6,080,184	297,457	143,460	6,234,181
Intangible Right-to-Use Assets	2,064,225	505,511	2,550,872	18,864
Total Accumulated Depreciation/Amortization	<u>94,990,986</u>	<u>5,838,382</u>	<u>2,694,332</u>	<u>98,135,036</u>

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025

	Balance 07/01/24	Additions	Deletions/ Transfers	Balance 06/30/25
Total Capital Assets Being Depreciated/Amortized, Net	<u>92,358,459</u>	<u>(5,415,952)</u>	<u>173,594</u>	<u>87,109,585</u>
Governmental Activities Capital Assets, Net	<u>\$ 95,250,362</u>	<u>\$ (2,499,750)</u>	<u>\$ 3,258</u>	<u>\$ 92,747,354</u>
Business-Type Activities				
Furniture and Equipment	\$ 725,179	\$ 160,029	\$ -	\$ 885,208
Less Accumulated Depreciation	<u>604,268</u>	<u>20,028</u>	<u>-</u>	<u>624,296</u>
Business-Type Activities Capital Assets, Net	<u>\$ 120,911</u>	<u>\$ 140,001</u>	<u>\$ -</u>	<u>\$ 260,912</u>

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental Activities

Instruction	\$ 4,625,814
Instructional Student Support	31,093
Administration and Financial Support Services	766,681
Operation and Maintenance of Plant Services	181,770
Student Activities	<u>233,024</u>
Total Depreciation/Amortization Expense	<u>\$ 5,838,382</u>

Business-Type Activities

Food Service	<u>\$ 20,028</u>
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Note 6 - Interfund Balances and Transfers

At June 30, 2025, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 23,639	\$ -
Food Service	-	21,028
Capital Projects Fund	<u>-</u>	<u>2,611</u>
	<u>\$ 23,639</u>	<u>\$ 23,639</u>

Fox Chapel Area School District
Notes to Financial Statements
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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, 2025, interfund transfers consisted of the general fund transferring \$1,530,066 to the capital projects fund to fund capital projects.

Note 7 - Long-Term Liabilities

Long-term liability for the year ended June 30, 2025 was as follows:

	Balance 07/01/24	Additions	Reductions	Balance 06/30/25	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 55,660,000	\$ -	\$ 1,960,000	\$ 53,700,000	\$ 2,060,000
Plus: Bond Premium	<u>5,719,005</u>	<u>-</u>	<u>441,809</u>	<u>5,277,196</u>	<u>-</u>
Total Bonds Payable	<u>61,379,005</u>	<u>-</u>	<u>2,401,809</u>	<u>58,977,196</u>	<u>2,060,000</u>
General Obligation Notes	1,019,958	-	192,944	827,014	200,724
Compensated Absences	<u>4,473,739</u>	<u>47,057</u>	<u>-</u>	<u>4,520,796</u>	<u>226,040</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 66,872,702</u>	<u>\$ 47,057</u>	<u>\$ 2,594,753</u>	<u>\$ 64,325,006</u>	<u>\$ 2,486,764</u>
Lease Liabilities	<u>\$ 532,513</u>	<u>\$ -</u>	<u>\$ 532,513</u>	<u>\$ -</u>	<u>\$ -</u>
Subscription Asset Liabilities	<u>\$ 26,667</u>	<u>\$ -</u>	<u>\$ 8,277</u>	<u>\$ 18,390</u>	<u>\$ 8,877</u>
Total Long-Term Obligations as Reported in the Statement of Net Position				<u>\$ 64,343,396</u>	<u>\$ 2,495,641</u>

General Obligation Bonds

Capital Projects - \$28,350,000 Issue of 2022; due in annual installments through August 1, 2034; interest due semi-annually at 5.0% \$ 24,660,000

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% 29,040,000

\$ 53,700,000

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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%

\$ 827,014

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

The change in the compensated absences liability is presented as a net change.

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2025, including interest, are as follows:

Year Ended June 30,	General Obligation Bonds		General Obligation Notes		Totals
	Principal	Interest	Principal	Interest	
2026	\$ 2,060,000	\$ 2,619,702	\$ 200,724	\$ 15,327	\$ 4,895,753
2027	2,165,000	2,514,207	204,614	11,273	4,895,094
2028	2,275,000	2,403,338	208,504	7,012	4,893,854
2029	2,390,000	2,286,812	213,172	2,398	4,892,382
2030	2,515,000	2,164,288	-	-	4,679,288
2031-2035	14,600,000	8,785,363	-	-	23,385,363
2036-2040	19,940,000	5,903,500	-	-	25,843,500
2041-2042	7,755,000	1,152,250	-	-	8,907,250
	<u>53,700,000</u>	<u>27,829,460</u>	<u>827,014</u>	<u>36,010</u>	<u>82,392,484</u>
Accretion to Date	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 53,700,000</u>	<u>\$ 27,829,460</u>	<u>\$ 827,014</u>	<u>\$ 36,010</u>	<u>\$ 82,392,484</u>

Note 8 – Lease Liabilities

The School District entered into an agreement to lease copiers on June 8, 2020. The terms of the lease are for five years requiring original monthly payments of \$42,000 and amended to \$45,076 on July 1, 2021. The lease agreement qualifies as other than short-term lease under GASB 87 and, therefore, has been recorded at present value of the future minimum lease payments as of the date of the inception.

For purposes of discounting future payments, the School District determined an interest rate of 2.9% to be an appropriate discount rate. As of June 30, 2025, the value of the lease liability recorded for the above lease was \$0. A new lease was entered into effective July 1, 2025.

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	Balance 07/01/24	Additions	Deletions/ Transfers	Balance 06/30/25
Governmental Activities				
Intangible Right-to-use Assets:				
Copiers	\$ 2,478,467	\$ -	\$ -	\$ 2,478,467
Less Accumulated Amortization:				
Copiers	1,982,773	495,694	-	2,478,467
Net Intangible Right-to-use Assets				
Copiers	\$ 495,694	\$ (495,694)	\$ -	\$ -

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.pa.gov/PSERS.

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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% to 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.

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3. Contributions

Member Contributions

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%/6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92% 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 \$16,800,943 for the year ended June 30, 2025.

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

At June 30, 2025, the School District reported a liability of \$133,434,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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, 2025, the School District's proportion was 0.3188%, which was a decrease of 0.0056% from its proportion measured as of June 30, 2024.

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For the year ended June 30, 2025, the School District recognized pension expense of \$10,216,000. At June 30, 2025, 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	\$ -	\$ 2,098,000
Net difference between projected and actual investment earnings	2,209,000	-
Changes in proportions	23,000	2,277,000
Difference between employer contributions and proportionate share of total contributions	22,624	-
Contributions subsequent to the measurement date	<u>16,800,943</u>	<u>-</u>
	<u>\$ 19,055,567</u>	<u>\$ 4,375,000</u>

\$16,800,943 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2026	\$ (4,322,771)
2027	2,688,666
2028	(24,182)
2029	<u>(462,089)</u>
	<u>\$ (2,120,376)</u>

1. Changes in Actuarial Assumptions

The total pension liability as of June 30, 2024 was determined by rolling forward the System's total pension liability as of June 30, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2023
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

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- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00 % to 4.50%
 - Real wage growth and merit or seniority increases (components for salary growth) decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates – Previously 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. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

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 the 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 for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	4.8%
Private equity	12.0%	6.7%
Fixed Income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure	10.0%	6.4%
Real estate	9.5%	5.9%
	<u>100%</u>	

The above table 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, 2024.

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2. Discount Rate

The discount rate used to measure the total pension liability was 7.00%.

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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Discount Rate	Increase
	6.00%	7.00%	8.00%
School District's proportionate share of the net pension liability	\$ 175,773	\$ 133,434	\$ 97,681

4. Pension Plan Fiduciary Net Position

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

Note 10 - Tax Shelter Annuity

Under the current Act 93 agreement which is effective for the period July 1, 2021 through June 30, 2026, 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 \$7,000. The total contributed by the School District in the year ended June 30, 2025, was \$113,066.

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, 2025 have not yet been conducted. Accordingly, the School District’s compliance with applicable grant requirements will be established at some future date.

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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.

There are a number of real estate assessment appeals pending as of June 30, 2025, some of which involve multiple tax years. If the appeals are successful, the School District may be required to issue tax refunds, which in the aggregate could be material.

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 six 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.

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 the Confidential Secretaries is in effect through June 30, 2025.

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.

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Retirement Incentive 2023

This incentive, available to Teachers and Administrators, during the 2023-2028 Bargaining Agreement with the Fox Chapel Educators Association had two tiers of eligibility:

Tier I: Eligible Professional Employees (PE) aged 60 with 30 years of credited service with PSERS, or aged 62 with any years of credited service with PSERS, must retire the first year they reach eligibility. If, in a year that this Retirement Plan is offered, any Tier I eligible PE that does not retire pursuant to the conditions of this Retirement Plan, any such PE will not be eligible for the benefits and incentives of this Retirement Plan or any future retirement incentives offered.

Tier II: Eligible PEs, aged 55 to 59, may retire upon eligibility. If, in a year that this Retirement Plan is offered, any Tier II eligible PE does not retire pursuant to the conditions of this Retirement Plan, any such PE will remain eligible for the benefits and incentives of any future retirement incentives offered.

To be eligible to receive this retirement incentive, the PE, who has no less than 15 years and has not previously declined a past Early Retirement Incentive offered in the 35th or higher year of credit services with PSERS, must have submitted the District’s irrevocable Letter of Intent to Retire by October 10, 2022. Such PE must terminate service with an effective date that coincides with the end of the second semester, and no later than the end of the second semester of the 2026-2027 school year.

The District shall provide for the same level of healthcare insurance (i.e., Individual, Employee/Spouse, Parent/Child(ren), or Family) being provided to the PE as of the date of retirement for ten (10) years, or until the retiree becomes eligible for a government provided plan, whichever occurs first. If a spouse reaches Medicare age prior to the retiree, they will be removed from coverage effective the first of the month in which they become eligible for Medicare.

Retirees receiving Individual, Employee/Spouse, or Parent/Child(ren) coverage will be responsible for the same contribution in effect in the Collective Bargaining Agreement for active PEs each year based on the Employee/Spouse level of coverage. Additionally, Retirees receiving Family coverage will be responsible for payment of an amount equal to the difference between Employee/Spouse and Family coverage (which changes yearly). The following is the required contributions for active employees:

Fiscal Year	Percentage of Premium	Monthly Maximum
2024-2025	12%	\$ 285
2025-2026	12%	\$ 315
2026-2027	12%	\$ 330
2027-2028	12%	\$ 345

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Prior Incentives

The Memorandum of Understanding for this incentive, available to Teachers and Administrators, during the 2018-2023 Bargaining Agreement with the Fox Chapel Educators Association stated that: To be eligible to receive this retirement incentive, the professional employee, who has no less than 15 years and has not previously declined a past Early Retirement Incentive offered in the 35th or higher year of credit services with PSERS, must have submitted the District's irrevocable Letter of Intent to Retire by April 28, 2017. Such professional employee must terminate service with an effective date that coincided with the end of the first or second semester and no later than the end of the second semester of the 2019-2020 school year.

The District shall provide for the same level of healthcare insurance (i.e., Individual, Husband/Wife, Parent/Child, or Family) being provided to the professional employee as of the date of retirement for ten (10) years or until the retiree becomes eligible for a government provided plan, whichever occurs first. Retirees receiving Individual, Husband/Wife, or Parent/Child coverage will be responsible for a \$100.00 monthly contribution towards the health insurance. This amount will remain fixed for those retiring under this agreement.

Retirees receiving Family coverage will likewise be responsible for the fixed \$100.00 monthly contribution. Additionally, Retirees receiving Family coverage will be responsible for payment of an amount equal to the difference between Employee/Spouse and Family coverage (which changes yearly).

The Memorandum of Understanding for this incentive, available to Teachers and administrators, during only two of the four years of the 2014-2018 Collective Bargaining Agreement with the Fox Chapel Educators Association stated that: The District will provide to a professional employee with a minimum of 20 years, and a maximum of 35 years, in the PSERS, upon retirement from employment with the School District, a disbursement of \$300 per month for a period of up to 10 years following the date of retirement or until the professional employee reaches other government-sponsored insurance eligibility (currently 65 years of age), whichever first occurs.

Contributions

The amount that a retiree must contribute towards postretirement 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. A 2% admin fee is charged to the Administrators, Secretaries/Aides, Food Service, and Custodial/Maintenance groups.

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.

2) Life Insurance

The District no longer provides life insurance to future retirees. There are still grandfathered retirees who have a District paid policy of \$1,000.

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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 reaches the age of 65 or until the retiree and/or spouse reaches other government sponsored insurance eligibility, whichever comes first. A 2% admin fee is charged to the Administrators, Secretaries/Aides, Food Service, and Custodial/Maintenance groups.

The retirement incentive for 2023-2028 gives Teachers and Administrators the option of electing coverage in the dental and vision plans and to pay what current active employees pay for those coverages.

For the Teachers, the District contributes up to \$33.50 per month for dental coverage and up to \$7.50 per month for vision coverage. Active Administrators do not have to contribute towards either coverage.

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, or until the retiree reaches other government-sponsored insurance eligibility, whichever comes first, provided that the individual contributes 100% of the premium rate or retires under an incentive plan.

5) Employees Covered by Benefit Terms

At July 1, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	59
Active employees	<u>456</u>
	<u>515</u>

C. Total OPEB Liability

The School District's total OPEB liability of \$16,871,000 was measured as of July 1, 2024 and was determined by an actuarial valuation performed as of July 1, 2024.

D. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation 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	4.29%
Healthcare Cost Trend Rates	7.50% for 2024/2025 decreasing by 0.50% through 2034

The discount rate was based on the S & P Municipal Bond 20-Year High Grade Rate Index.

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Mortality rates were based on the Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were selected using input from the School District based upon actual experience.

E. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	\$17,373,259
Changes for the year:	
Service Cost	414,106
Interest	717,516
Changes of assumptions or other inputs	(219,570)
Benefit Payments	<u>(1,414,311)</u>
Net Changes	<u>(502,259)</u>
Balance at June 30, 2025	<u>\$16,871,000</u>

F. Changes of Assumptions and Other Inputs

- Updated the discount rate from 4.13 % to 4.29%.
- Updated the assumed medical trend rates.
- A new retirement incentive was offered to Teachers and Administrators.

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 (3.29%) or one percentage point higher (5.29%) than the current discount rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
	3.29%	4.29%	5.29%
Total OPEB Liability	\$ 18,303,847	\$ 16,871,000	\$ 15,574,822

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:

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	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 15,530,607	\$ 16,871,000	\$ 18,391,491

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

For the year ended June 30, 2025, the School District recognized OPEB expense of \$28,261. At June 30, 2025, 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	\$ 694,529	\$ 2,242,688
Difference between expected and actual experience	2,749,858	-
Benefit payments subsequent to the measurement date	<u>1,342,471</u>	<u>-</u>
	<u>\$ 4,786,858</u>	<u>\$ 2,242,688</u>

The \$1,342,471 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,	
2026	\$ 182,588
2027	182,588
2028	182,588
2029	182,592
2030	142,541
Thereafter	<u>328,802</u>
	<u>\$ 1,201,699</u>

Fox Chapel Area School District
Notes to Financial Statements
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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.

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, 2024, 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

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

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.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025

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.pa.gov/PSERS.

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.

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2025 was 0.63% 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 \$321,525 for the year ended June 30, 2025.

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

At June 30, 2025, the School District reported a liability of \$5,656,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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, 2025, the School District's proportion was 0.3167%, which was a decrease of .0062% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the School District recognized OPEB expense of \$244,915.

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 21,000	\$ 84,000
Changes in assumptions	343,000	859,000
Net difference between projected and actual investment earnings	5,000	-
Changes in proportions	-	263,000
Difference between employer contributions and proportionate share of total contributions	4,007	-
Contributions subsequent to the measurement date	<u>321,524</u>	<u>-</u>
	<u>\$ 694,531</u>	<u>\$ 1,206,000</u>

\$321,524 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 OPEB liability in the year ended June 30, 2026.

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,	
2026	\$ (222,933)
2027	(247,371)
2028	(266,542)
2029	(58,147)
2030	<u>(38,000)</u>
	<u>\$ (832,993)</u>

1. Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by rolling forward the System's total OPEB liability at June 30, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.21%, S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% 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.

**Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025**

- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 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, 2023 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- 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: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2015 Improvement Scale.

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	<u>100%</u>	1.7%

The above table 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, 2024.

2. Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.21%. 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.

**Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025**

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 4.21% which represents the S&P 20 year Municipal Bond Rate at June 30, 2024, 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, 2024, 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, 2024, 92,149 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2024, 489 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.

The following presents the System net OPEB liability for June 30, 2024, 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%	Current	1.00%
	Decrease	Trend Rate	Increase
System net OPEB Liability	\$ 5,626	\$ 5,626	\$ 5,626

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 4.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21%) or 1 percentage point higher (5.21%) than the current rate:

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Discount Rate	Increase
	3.21%	4.21%	5.21%
School District's proportionate share of the net OPEB liability	\$ 6,356	\$ 5,626	\$ 5,015

5. OPEB Plan Fiduciary Net Position

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

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025

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 \$13,137,681 and \$12,096,050 for the years ended June 30, 2025 and 2024, 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, 2025, the net position of the Consortium was \$84,042,714 of which \$2,386,377 is attributable to the School District.

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, 2025, were \$10,474,338.

This includes \$8,609,985 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 \$1,864,353 to the federal government for social security and Medicare taxes for the year ended June 30, 2025. 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 – Subscription-Based Information Technology Arrangement Liabilities

The School District entered into a subscription-based information technology arrangement for various software. The arrangement was revalued under the provisions of GASB Statement No. 96 "*Subscription-Based Information Technology Arrangements*" and therefore, has been recorded at present value of the future minimum payments as of the date of its inception. For purposes of discounting future payments, the School District determined an interest rate of 2.9% to be an appropriate discount rate.

As of June 30, 2025, the value of the subscription liability recorded for the above agreement was \$18,390. As a result, the School District has recorded an Intangible Right-to-Use asset with a net book value of \$23,416 as of June 30, 2025.

Fox Chapel Area School District
Notes to Financial Statements
June 30, 2025

	Balance 07/01/24	Additions	Transfers	Balance 06/30/25
Governmental Activities				
Intangible Right-to-use Assets:				
SBITA	\$ 114,685	\$ -	\$ -	\$ 114,685
Less Accumulated Amortization:				
SBITA	81,452	9,817	-	91,269
Net Intangible Right-to-use Assets, SBITA	<u>\$ 33,233</u>	<u>\$ (9,817)</u>	<u>\$ -</u>	<u>\$ 23,416</u>

Future minimum subscription payments under this agreement are as follows:

Year Ended June 30,	Subscription Payable		Totals
	Principal	Interest	
2026	\$ 8,877	\$ 533	\$ 9,410
2027	9,513	276	9,789
	<u>\$ 18,390</u>	<u>\$ 809</u>	<u>\$ 19,199</u>

Note 17 – Construction Commitment

As of June 30, 2025, the School District had construction commitments of approximately \$4,327,000 for the Hartwood HVAC project. It is anticipated that this project will be completed in the 2025/26 fiscal year.

**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, 2025**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$ 74,831,578	\$ 74,831,578	\$ 74,389,283	\$ (442,295)
Interim Real Estate Taxes	75,000	75,000	253,441	178,441
Public Utility Realty Taxes	75,000	75,000	80,513	5,513
Payments in Lieu of Current Taxes	17,000	17,000	13,623	(3,377)
Local Services Taxes	97,600	97,600	93,705	(3,895)
Earned Income Taxes	10,750,000	10,750,000	10,382,434	(367,566)
Real Estate Transfer Taxes	1,100,000	1,100,000	1,308,088	208,088
Delinquencies on Taxes	2,300,000	2,300,000	3,022,338	722,338
Earnings on Investments	2,400,000	2,400,000	2,217,665	(182,335)
Other Local Revenues				
Revenue from Student Activities	220,000	278,399	315,757	37,358
Other Revenues from IU	3,500	4,220	4,221	1
Federal Revenues from IU	500,000	715,869	715,868	(1)
Contributions & Donations from Private Sources	90,000	122,538	169,189	46,651
Rentals	40,000	40,000	98,195	58,195
Tuition from other LEAs	50,000	50,000	47,242	(2,758)
Svcs. Prov. Other Local Gov't. Units	125,000	125,000	41,775	(83,225)
Refund of Prior Year's Expenditures	50,000	50,000	20,056	(29,944)
Miscellaneous Revenue	40,740	40,740	45,623	4,883
Total Revenues from Local Sources	<u>92,765,418</u>	<u>93,072,944</u>	<u>93,219,016</u>	<u>146,072</u>
State Sources				
Basic Instructional & Oper. Subsidies				
Basic Instructional Subsidy	5,660,000	6,069,188	6,069,115	(73)
Reimbursement for Charter School Tuition	-	94,462	94,462	-
	-	37,430	37,430	-
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	2,597,700	2,804,497	2,811,181	6,684
Subsidies for Noneduc. Programs				
Transportation (Regular & Additional)	1,225,000	1,268,022	1,268,021	(1)
Rentals & Sinking Fund Payments	975,415	975,415	1,016,608	41,193
Ready to Learn Block Grant	205,030	205,030	205,030	-
Health Services	78,000	83,305	83,305	-
State Property Tax Reduction	2,270,532	2,270,532	2,270,532	-

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Other State Revenue	-	114,875	54,792	(60,083)
Safe Schools Grant	-	166,455	114,875	(51,580)
Social Security Payments	1,939,780	1,939,780	1,837,312	(102,468)
State Retirement Revenue	<u>8,596,000</u>	<u>8,596,000</u>	<u>8,489,399</u>	<u>(106,601)</u>
 Total Revenues from State Sources	 <u>23,547,457</u>	 <u>24,624,991</u>	 <u>24,352,062</u>	 <u>(272,929)</u>
 Federal Sources				
Restricted Grants-In-Aid from the Fed. Gov't. through the Commonwealth				
Title I	450,000	523,087	523,087	-
Title II	50,000	97,767	97,767	-
Title IV	-	30,476	30,476	-
ARP ESSER- Elementary & Secondary School Emergency Relief (ESSER III)	231,890	459,949	459,946	(3)
Other CARES Act Funding	-	-	111,663	111,663
Medical Assistance - Access	250,000	240,881	81,931	(158,950)
Medical Assistance - Admin.	<u>5,000</u>	<u>9,119</u>	<u>12,131</u>	<u>3,012</u>
 Total Revenues from Federal Sources	 <u>986,890</u>	 <u>1,361,279</u>	 <u>1,317,001</u>	 <u>(44,278)</u>
 Total Revenues	 <u>117,299,765</u>	 <u>119,059,214</u>	 <u>118,888,079</u>	 <u>(171,135)</u>
 Other Financing Sources				
Insurance Recoveries	-	5,558	5,558	-
Sale of Capital Assets	<u>60,000</u>	<u>60,000</u>	<u>33,176</u>	<u>(26,824)</u>
 Total Other Financing Sources	 <u>60,000</u>	 <u>65,558</u>	 <u>38,734</u>	 <u>(26,824)</u>
 Total Revenues and Other Financing Sources	 <u>117,359,765</u>	 <u>119,124,772</u>	 <u>118,926,813</u>	 <u>(197,959)</u>
 Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	30,445,723	30,508,438	29,927,297	581,141
Employee Benefits	19,722,039	19,674,289	19,237,267	437,022
Purchased Prof. and Tech. Services	1,281,500	1,110,500	1,381,356	(270,856)
Purchased Property Services	77,536	79,965	67,506	12,459
Other Purchased Services	986,643	973,167	791,787	181,380
Supplies	<u>2,099,682</u>	<u>1,648,690</u>	<u>1,276,921</u>	<u>371,769</u>

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Property	312,318	599,051	642,635	(43,584)
Other Objects	<u>31,249</u>	<u>56,552</u>	<u>51,403</u>	<u>5,149</u>
Total Regular Programs	<u>54,956,690</u>	<u>54,650,652</u>	<u>53,376,172</u>	<u>1,274,480</u>
Special Programs				
Personal Services				
Salaries	6,645,044	6,515,044	6,451,375	63,669
Employee Benefits	4,352,007	4,265,707	4,116,507	149,200
Purchased Prof. and Tech. Services	1,658,200	1,876,678	1,777,698	98,980
Purchased Property Services	16,000	16,000	20,261	(4,261)
Other Purchased Services	2,237,756	2,292,756	2,705,099	(412,343)
Supplies	53,729	53,962	31,586	22,376
Other Objects	<u>4,690</u>	<u>7,562</u>	<u>10,465</u>	<u>(2,903)</u>
Total Special Programs	<u>14,967,426</u>	<u>15,027,709</u>	<u>15,112,991</u>	<u>(85,282)</u>
Vocational Education Programs				
Other Purchased Services	<u>700,000</u>	<u>700,000</u>	<u>628,607</u>	<u>71,393</u>
Other Instructional Programs				
Personal Services				
Salaries	280,426	261,474	395,526	(134,052)
Employee Benefits	157,213	144,004	193,780	(49,776)
Purchased Prof. and Tech. Services	20,500	266,462	147,101	119,361
Other Purchased Services	42,000	65,263	63,348	1,915
Supplies	52,900	37,303	31,742	5,561
Other Objects	<u>-</u>	<u>1,102</u>	<u>1,102</u>	<u>-</u>
Total Other Instructional Programs	<u>553,039</u>	<u>775,608</u>	<u>832,599</u>	<u>(56,991)</u>
Nonpublic School Programs				
Purchased Prof. and Tech. Services	3,000	7,420	7,034	386
Supplies	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonpublic School Programs	<u>4,000</u>	<u>7,420</u>	<u>7,034</u>	<u>386</u>

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Pre-Kindergarten				
Personal Services				
Salaries	174,236	174,236	155,415	18,821
Employee Benefits	96,303	96,303	109,257	(12,954)
Supplies	721	721	752	(31)
Total Pre-Kindergarten	<u>271,260</u>	<u>271,260</u>	<u>265,424</u>	<u>5,836</u>
Total Instruction	<u>71,452,415</u>	<u>71,432,649</u>	<u>70,222,827</u>	<u>1,209,822</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	2,384,058	2,384,058	2,444,435	(60,377)
Employee Benefits	1,530,368	1,530,368	1,549,462	(19,094)
Purchased Prof. and Tech. Services	295,302	295,302	280,509	14,793
Purchased Property Services	33,475	33,475	49,733	(16,258)
Other Purchased Services	3,600	3,600	874	2,726
Supplies	248,936	338,351	289,984	48,367
Property	514,500	514,500	262,384	252,116
Other Objects	67,850	86,439	86,063	376
Total Pupil Personnel	<u>5,078,089</u>	<u>5,186,093</u>	<u>4,963,444</u>	<u>222,649</u>
Instructional Staff				
Personal Services				
Salaries	2,036,403	2,036,403	2,079,389	(42,986)
Employee Benefits	1,369,621	1,369,621	1,363,517	6,104
Purchased Prof. and Tech. Services	136,975	175,648	126,948	48,700
Purchased Property Services	23,500	23,226	11,681	11,545
Other Purchased Services	35,890	33,890	17,354	16,536
Supplies	338,162	861,572	713,900	147,672
Property	414,575	418,860	576,272	(157,412)
Other Objects	494	579	515	64
Total Instructional Staff	<u>4,355,620</u>	<u>4,919,799</u>	<u>4,889,576</u>	<u>30,223</u>

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration				
Personal Services				
Salaries	3,614,396	3,614,396	3,680,599	(66,203)
Employee Benefits	1,861,247	1,861,247	1,875,877	(14,630)
Purchased Prof. and Tech. Services	1,031,675	1,033,140	976,642	56,498
Purchased Property Services	8,280	8,280	8,906	(626)
Other Purchased Services	89,855	89,855	110,901	(21,046)
Supplies	109,829	110,759	97,905	12,854
Property	7,000	7,000	-	7,000
Other Objects	188,630	261,180	282,506	(21,326)
	<u>6,910,912</u>	<u>6,985,857</u>	<u>7,033,336</u>	<u>(47,479)</u>
Total Administration				
Pupil Health				
Personal Services				
Salaries	423,735	423,735	472,447	(48,712)
Employee Benefits	284,330	284,330	306,777	(22,447)
Purchased Prof. and Tech. Services	40,000	60,000	70,709	(10,709)
Purchased Property Services	1,600	1,600	783	817
Other Purchased Services	120	120	-	120
Supplies	11,870	11,870	12,848	(978)
Other Objects	675	675	650	25
	<u>762,330</u>	<u>782,330</u>	<u>864,214</u>	<u>(81,884)</u>
Total Pupil Health				
Business				
Personal Services				
Salaries	379,702	379,702	354,324	25,378
Employee Benefits	278,612	278,612	253,120	25,492
Purchased Prof. and Tech. Services	81,000	81,000	62,272	18,728
Purchased Property Services	68,450	68,450	308,116	(239,666)
Other Purchased Services	550	550	112	438
Supplies	249,000	293,000	310,658	(17,658)
Other Objects	2,650	2,650	1,291	1,359
	<u>1,059,964</u>	<u>1,103,964</u>	<u>1,289,893</u>	<u>(185,929)</u>
Total Business				

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	3,557,835	3,557,835	3,375,884	181,951
Employee Benefits	2,497,735	2,497,735	2,353,946	143,789
Purchased Prof. and Tech. Services	370,000	370,000	259,163	110,837
Purchased Property Services	908,284	1,037,446	954,879	82,567
Other Purchased Services	430,210	430,942	335,856	95,086
Supplies	1,855,482	1,859,814	1,888,414	(28,600)
Property	201,800	240,762	266,003	(25,241)
Other Objects	11,100	11,100	9,649	1,451
	<u>9,832,446</u>	<u>10,005,634</u>	<u>9,443,794</u>	<u>561,840</u>
Student Transportation Services				
Personal Services				
Salaries	118,489	118,489	117,551	938
Employee Benefits	79,078	79,078	75,437	3,641
Other Purchased Services	4,705,641	4,720,641	4,499,068	221,573
Other Objects	200	200	160	40
	<u>4,903,408</u>	<u>4,918,408</u>	<u>4,692,216</u>	<u>226,192</u>
Central				
Personal Services				
Salaries	257,259	257,259	373,146	(115,887)
Employee Benefits	206,597	206,597	293,021	(86,424)
Purchased Prof. and Tech. Services	185,045	200,714	146,118	54,596
Purchased Property Services	37,000	37,000	27,481	9,519
Other Purchased Services	111,150	117,275	70,026	47,249
Supplies	151,884	157,624	164,579	(6,955)
Property	24,000	24,000	24,000	-
Other Objects	8,750	13,750	12,644	1,106
	<u>981,685</u>	<u>1,014,219</u>	<u>1,111,015</u>	<u>(96,796)</u>

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Other				
Other Purchased Services	100,000	100,000	105,642	(5,642)
Supplies	8,000	8,000	4,491	3,509
Other Objects	-	41,577	34,062	7,515
	<u>108,000</u>	<u>149,577</u>	<u>144,195</u>	<u>5,382</u>
Total Other				
	<u>33,992,454</u>	<u>35,065,881</u>	<u>34,431,683</u>	<u>634,198</u>
Total Support Services				
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	1,430,545	1,430,545	1,516,661	(86,116)
Employee Benefits	691,680	691,680	696,624	(4,944)
Purchased Prof. and Tech. Services	139,971	119,191	106,595	12,596
Purchased Property Services	464,894	374,587	183,475	191,112
Other Purchased Services	325,813	345,590	327,219	18,371
Supplies	167,269	241,422	254,088	(12,666)
Property	68,000	225,841	223,283	2,558
Other Objects	68,396	68,445	56,687	11,758
	<u>3,356,568</u>	<u>3,497,301</u>	<u>3,364,632</u>	<u>132,669</u>
Total Student Activities				
	<u>3,356,568</u>	<u>3,497,301</u>	<u>3,364,632</u>	<u>132,669</u>
Community Services				
Purchased Prof. and Tech. Services	54,000	57,917	48,869	9,048
Purchased Property Services	-	-	270	(270)
Other Purchased Services	-	5,000	-	5,000
Supplies	6,000	29,038	19,313	9,725
Other Objects	13,000	13,000	10,186	2,814
	<u>73,000</u>	<u>104,955</u>	<u>78,638</u>	<u>26,317</u>
Total Community Services				
	<u>73,000</u>	<u>104,955</u>	<u>78,638</u>	<u>26,317</u>
Scholarship and Awards				
Other Objects	-	10,000	10,000	-
	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Noninstructional Services				
	<u>3,429,568</u>	<u>3,612,256</u>	<u>3,453,270</u>	<u>158,986</u>

**Fox Chapel Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Facilities Acquisition, Construction and Improvement Services				
Purchased Prof. and Tech. Services	-	137,606	214,881	(77,275)
Purchased Property Services	1,103,075	1,236,835	775,924	460,911
Supplies	<u>72,850</u>	<u>72,850</u>	<u>18,521</u>	<u>54,329</u>
 Total Facilities Acquisition, Construction and Improvement Services	 <u>1,175,925</u>	 <u>1,447,291</u>	 <u>1,009,326</u>	 <u>437,965</u>
 Debt Service				
Interest	2,760,073	2,760,073	2,728,746	31,327
Refunds of Prior Year's Receipts	800,000	800,000	376,986	423,014
Redemption of Principal	<u>2,542,750</u>	<u>2,542,750</u>	<u>2,500,788</u>	<u>41,962</u>
 Total Debt Service	 <u>6,102,823</u>	 <u>6,102,823</u>	 <u>5,606,520</u>	 <u>496,303</u>
 Total Expenditures	 <u>116,153,185</u>	 <u>117,660,900</u>	 <u>114,723,626</u>	 <u>2,937,274</u>
 Other Financing Uses				
Fund Transfers				
Capital Projects Fund	1,525,000	1,525,000	1,530,066	(5,066)
Budgetary Reserve	<u>1,500,000</u>	<u>991,124</u>	<u>-</u>	<u>991,124</u>
 Total Other Financing Uses	 <u>3,025,000</u>	 <u>2,516,124</u>	 <u>1,530,066</u>	 <u>986,058</u>
 Total Expenditures and Other Financing Uses	 <u>119,178,185</u>	 <u>120,177,024</u>	 <u>116,253,692</u>	 <u>3,923,332</u>
 Net Change in Fund Balance	 (1,818,420)	 (1,052,252)	 2,673,121	 3,725,373
 Fund Balance - July 1, 2024	 <u>29,280,214</u>	 <u>29,280,214</u>	 <u>30,644,913</u>	 <u>1,364,699</u>
 Fund Balance - June 30, 2025	 <u>\$ 27,461,794</u>	 <u>\$ 28,227,962</u>	 <u>\$ 33,318,034</u>	 <u>\$ 5,090,072</u>

Fox Chapel Area School District
Note to the Required Supplementary Information
Budget Comparison
June 30, 2025

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 Nine Years**

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability									
Service Cost	\$ 414,106	\$ 269,380	\$ 348,500	\$ 342,953	\$ 313,045	\$ 455,645	\$ 445,227	\$ 204,684	\$ -
Interest	717,516	425,399	298,601	322,859	479,674	489,384	440,475	278,495	-
Change of benefit terms	-	3,772,291	-	-	-	(49,716)	-	4,728,579	-
Difference between expected and actual experience	-	2,805,005	-	144,494	-	564,963	-	228,120	-
Change of assumptions and other inputs	(219,570)	(626,677)	(1,259,660)	(762,023)	891,806	180,322	(186,205)	252,436	-
Benefit Payments	<u>(1,414,311)</u>	<u>(1,289,048)</u>	<u>(1,194,673)</u>	<u>(833,154)</u>	<u>(780,495)</u>	<u>(581,198)</u>	<u>(357,675)</u>	<u>(350,917)</u>	<u>-</u>
Net Change in Total OPEB Liability	(502,259)	5,356,350	(1,807,232)	(784,871)	904,030	1,059,400	341,822	5,341,397	-
Total OPEB Liability - Beginning	<u>17,373,259</u>	<u>12,016,909</u>	<u>13,824,141</u>	<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>	<u>-</u>
Total OPEB Liability - Ending	<u>\$ 16,871,000</u>	<u>\$ 17,373,259</u>	<u>\$ 12,016,909</u>	<u>\$ 13,824,141</u>	<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	\$ 42,305,634	\$ 41,273,789	\$ 40,370,181	\$ 39,385,542	\$ 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	39.88%	42.09%	29.77%	35.10%	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:

2025	4.29%
2024	4.13%

Changes were made to the assumed medical trend rates,
A new retirement incentive was offered to Teachers and Administrators.

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 Ten Years**

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually Required Contribution	\$ 16,763,514	\$ 16,877,928	\$ 17,051,610	\$ 16,326,839	\$ 15,536,052	\$ 15,846,731	\$ 15,237,184	\$ 14,431,717	\$ 11,703,684	\$ 11,664,195
Contributions in Relation to the Contractually Required Contribution	<u>16,763,514</u>	<u>16,877,928</u>	<u>17,051,610</u>	<u>16,326,839</u>	<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>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 50,851,579	\$ 50,277,409	\$ 49,462,963	\$ 47,883,936	\$ 46,156,891	\$ 47,449,816	\$ 46,855,076	\$ 45,805,695	\$ 40,081,109	\$ 47,431,251
Contributions as a Percentage of Covered Payroll	32.97%	33.57%	34.47%	34.10%	33.66%	33.40%	32.52%	31.51%	29.20%	24.59%

The covered-payroll amount reported for June 30, 2024 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2025.

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

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
School District's Proportion of the Net Pension Liability (Asset)	0.3188%	0.3244%	0.3265%	0.3263%	0.3385%	0.3397%	0.3401%	0.3010%	0.3662%	0.3318%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 133,434	\$ 144,314	\$ 145,158	\$ 133,968	\$ 166,674	\$ 158,921	\$ 163,265	\$ 148,659	\$ 181,477	\$ 143,720
School District's Covered Payroll	\$ 50,277	\$ 49,463	\$ 47,884	\$ 46,157	\$ 47,450	\$ 46,855	\$ 45,806	\$ 40,081	\$ 47,431	\$ 42,692
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	265.40%	291.76%	303.15%	290.24%	351.26%	339.18%	356.43%	370.90%	382.61%	336.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

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

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 321,525	\$ 322,258	\$ 372,033	\$ 385,856	\$ 381,188	\$ 397,240	\$ 385,609	\$ 381,570
Contributions in Relation to the Contractually Required Contribution	<u>321,525</u>	<u>322,258</u>	<u>372,033</u>	<u>385,856</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$50,851,579	\$50,277,409	\$49,462,963	\$47,883,936	\$46,156,891	\$47,449,816	\$46,855,076	\$ 45,805,695
Contributions as a Percentage of Covered Payroll	0.63%	0.64%	0.75%	0.81%	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.

The covered-payroll amount reported for June 30, 2024 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2025.

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

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
School District's Proportion of the Net OPEB Liability (Asset)	0.3167%	0.3229%	0.3256%	0.3256%	0.3381%	0.3397%	0.3401%	0.0030%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 5,626	\$ 5,842	\$ 5,994	\$ 7,717	\$ 7,305	\$ 7,225	\$ 7,091	\$ 6,133
School District's Covered Payroll	\$ 50,277	\$ 49,463	\$ 47,884	\$ 46,157	\$ 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	11.19%	11.81%	12.52%	16.72%	15.40%	15.42%	15.48%	15.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.13%	7.22%	6.86%	5.30%	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, 2025 were prepared to fulfill the requirements of the Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports is 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
January 8, 2026

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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, 2025, 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 January 8, 2026.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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
January 8, 2026

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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

Opinion on Each Major Federal Program

We have audited Fox Chapel Area School District's compliance with the types of compliance requirements identified as subject to audit 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, 2025. 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. 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, 2025.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Fox Chapel Area School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Fox Chapel Area School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Fox Chapel Area School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fox Chapel Area School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Fox Chapel Area School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Fox Chapel Area School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fox Chapel Area School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Fox Chapel Area School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
January 8, 2026

**Fox Chapel Area School District
Schedule of Findings and Questioned Costs
June 30, 2025**

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, 2025**

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/24	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/25
U.S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I Improving Basic Programs	I	84.010	013-250154	07/22/24-09/30/25	\$ 524,949	\$ 385,409	\$ -	\$ 523,087	\$ 523,087	\$ 137,678
Title I Improving Basic Programs	I	84.010	013-240154	07/11/23-09/30/24	531,706	142,371	142,371	-	-	-
						527,780	142,371	523,087	523,087	137,678
Title II Improving Teacher Quality	I	84.367	020-250154	07/22/24-09/30/25	99,928	92,393	-	96,584	96,584	4,191
Title II Improving Teacher Quality	I	84.367	020-240154	07/11/23-09/30/24	95,294	32,231	31,048	1,183	1,183	-
						124,624	31,048	97,767	97,767	4,191
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-250154	07/22/24-09/30/25	40,042	29,364	-	30,476	30,476	1,112
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-240154	07/11/23-09/30/24	33,560	11,187	11,187	-	-	-
						40,551	11,187	30,476	30,476	1,112
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	I	84.425U	223-210154	03/13/20-09/30/24	3,133,129	284,830	(175,116)	459,946	459,946	-
Special Education Cluster										
Passed through the Allegheny Intermediate Unit										
IDEA B	I	84.027	062-250003	07/01/24-09/30/25	616,321	370,554	-	616,321	616,321	245,767
IDEA B	I	84.027	062-240003	07/01/23-09/30/24	637,015	258,290	258,290	97,369	97,369	97,369
IDEA B Section 619	I	84.173	131-230003	07/01/24-09/30/25	2,178	2,178	-	2,178	2,178	-
Subtotal Special Education Cluster						631,022	258,290	715,868	715,868	343,136
Subtotal U.S. Department of Education						1,608,807	267,780	1,827,144	1,827,144	486,117

**Fox Chapel Area School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025**

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/24	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/25
U.S. Department of the Treasury Passed through PCCD Mental Health Grant	I	21.027	2023-CM-01-41672	08/01/24-12/31/25	151,561	<u>102,967</u>	-	<u>111,663</u>	<u>111,663</u>	<u>8,696</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	07/01/24-06/30/25	N/A	<u>11,538</u>	<u>632</u>	<u>12,131</u>	<u>12,131</u>	<u>1,225</u>
U.S. Department of Agriculture Passed through the Pennsylvania Department of Education National School Lunch Program	I	10.555	N/A	07/01/24-06/30/25	N/A	693,050	84,291	621,803	621,803	13,044
National School Breakfast Program	I	10.553	N/A	07/01/24-06/30/25	N/A	196,549	26,842	174,064	174,064	4,357
Passed through the Pennsylvania Department of Agriculture National School Lunch Program (Donated Commodities Non Cash Assistance)	I	10.555	N/A	07/01/24-06/30/25	N/A	<u>172,549</u>	<u>(28,963)</u>	<u>167,923</u>	<u>167,923</u>	<u>(33,589)</u>
Total Child Nutrition Cluster						<u>1,062,148</u>	<u>82,170</u>	<u>963,790</u>	<u>963,790</u>	<u>(16,188)</u>
Total U.S. Department of Agriculture						<u>1,062,148</u>	<u>82,170</u>	<u>963,790</u>	<u>963,790</u>	<u>(16,188)</u>
Total Federal Financial Assistance						<u>\$2,785,460</u>	<u>\$ 350,582</u>	<u>\$2,914,728</u>	<u>\$2,914,728</u>	<u>\$ 479,850</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, 2025**

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, 2025. 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	\$ 2,785,460
Less: Commodities Received	(172,549)
Less: Passed Through AIU	(631,022)
Less: Title 19	(11,538)
Add: Medical Assistance - Access	111,602
Less: Passed Through PCCD	(102,967)
Add: State Funding on Confirmation	<u>285,250</u>
 Per Subsidy Confirmation	 <u>\$2,264,236</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, 2025**

EXHIBIT E

1 Copy – Bureau of Audits

1 Copy – General Services Administration