

**Duquesne City School District
Financial Statements
June 30, 2025**

 Hosack, Specht
Muetzel & Wood

CERTIFIED PUBLIC ACCOUNTANTS

**Duquesne City School District
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HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

Independent Auditor's Report

Members of the Board
Duquesne City School District
Duquesne, 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 Duquesne City School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Duquesne City 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 Duquesne City 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 Duquesne City 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 Duquesne City 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 Duquesne City 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 Duquesne City 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 Duquesne City 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 21, 2026 on our consideration of Duquesne City 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 Duquesne City 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 Duquesne City School District's internal control over financial reporting and compliance.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP

Pittsburgh, Pennsylvania

January 21, 2026

Duquesne City School District
Management's Discussion and Analysis
June 30, 2025

The discussion and analysis of Duquesne City 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 financial statements and the notes to the 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 liabilities of the School District's governmental activities exceeded its assets at June 30, 2025 by \$2,798,638 (net position).

Total net position of the School District's governmental activities increased by \$932,509 while net position of business-type activities increased by \$86,498.

The unassigned fund balance of the general fund as of June 30, 2025 was \$2,552,695, or 11.25% of total general fund expenditures.

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 (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Duquesne City 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 financial 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.

**Duquesne City School District
Management's Discussion and Analysis
June 30, 2025**

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
Duquesne City School District's
Financial Report

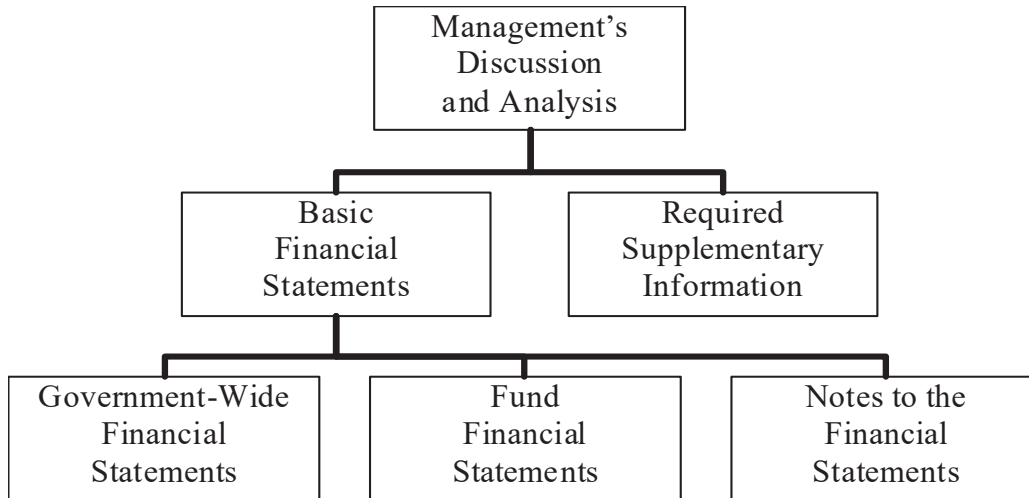


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

**Duquesne City School District
Management's Discussion and Analysis
June 30, 2025**

Figure A – 2
Major Features of Duquesne City 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

Duquesne City 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 only 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 factors, such as changes in the School District's property tax base, mandates placed on the School District which may require additional expenditures and the reliance on sources of revenues not under the School District's control.

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 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. 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.

**Duquesne City School District
Management's Discussion and Analysis
June 30, 2025**

Financial Analysis of the School District as a Whole

The School District's total net position was a deficit \$(2,448,861) at June 30, 2025 and a deficit \$(3,467,868) 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	\$ 10,853,758	\$ 405,497	\$ 11,259,255	\$ 10,284,754	\$ 252,583	\$ 10,537,337
Capital Assets	12,618,205	47,688	12,665,893	13,631,879	53,950	13,685,829
Total Assets	23,471,963	453,185	23,925,148	23,916,633	306,533	24,223,166
Deferred Outflows of Resources	3,848,638	-	3,848,638	4,602,863	-	4,602,863
Current and Other Liabilities	2,263,433	103,408	2,366,841	2,772,441	43,254	2,815,695
Noncurrent Liabilities						
Due Within One Year	515,633	-	515,633	786,356	-	786,356
Due in More Than One Year	26,565,514	-	26,565,514	27,403,058	-	27,403,058
Total Liabilities	29,344,580	103,408	29,447,988	30,961,855	43,254	31,005,109
Deferred Inflows of Resources	774,659	-	774,659	1,288,788	-	1,288,788
Net Position						
Net Investment in Capital Assets	2,692,546	47,668	2,740,214	2,855,375	53,950	2,909,325
Unrestricted	(5,491,184)	302,109	(5,189,075)	(6,586,522)	209,329	(6,377,193)
Total Net Position	\$ (2,798,638)	\$ 349,777	\$ (2,448,861)	\$ (3,731,147)	\$ 263,279	\$ (3,467,868)

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 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 two largest general revenues are the Basic Education Subsidy and additional grants provided by the State of Pennsylvania.

**Duquesne City School District
Management's Discussion and Analysis
June 30, 2025**

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

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

	2025			2024		
	Governmental Activities	Business- Type Activities	Totals	Governmental Activities	Business- Type Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 66,562	\$ 66,562	\$ -	\$ 93,770	\$ 93,770
Operating Grants and Contribs.	5,702,881	510,079	6,212,960	9,115,996	498,263	9,614,259
Capital Grants and Contribs.	117,981	-	117,981	234,014	-	234,014
General Revenues						
Property Taxes	1,649,108	-	1,649,108	1,640,075	-	1,640,075
Other Taxes	440,147	-	440,147	492,600	-	492,600
Grants, Subsidies and Contribs.						
Unrestricted	15,422,898	-	15,422,898	14,997,997	-	14,997,997
Investment Earnings	246,411	8,179	254,590	155,258	8,317	163,575
Miscellaneous Income	62,518	-	62,518	55,855	-	55,855
Total Revenues	23,641,944	584,820	24,226,764	26,691,795	600,350	27,292,145
Expenses						
Instruction	16,300,625	-	16,300,625	16,197,956	-	16,197,956
Instructional Student Support	2,032,646	-	2,032,646	2,569,697	-	2,569,697
Admin. and Fin. Support Svcs.	1,378,377	-	1,378,377	1,587,133	-	1,587,133
Operation and Maintenance						
of Plant Services	1,312,247	-	1,312,247	1,502,064	-	1,502,064
Pupil Transportation	1,298,019	-	1,298,019	1,419,885	-	1,419,885
Student Activities	101,196	-	101,196	115,268	-	115,268
Community Services	53,511	-	53,511	66,962	-	66,962
Interest on Long-Term Debt	232,814	-	232,814	238,610	-	238,610
Food Service	-	498,322	498,322	-	552,213	552,213
Total Expenses	22,709,435	498,322	23,207,757	23,697,575	552,213	24,249,788
Increase (Decrease) in Net Position	932,509	86,498	1,019,007	2,994,220	48,137	3,042,357
Beginning Net Position	(3,731,147)	263,279	(3,467,868)	(6,725,367)	215,142	(6,510,225)
Ending Net Position	<u>\$ (2,798,638)</u>	<u>\$ 349,777</u>	<u>\$ (2,448,861)</u>	<u>\$ (3,731,147)</u>	<u>\$ 263,279</u>	<u>\$ (3,467,868)</u>

**Duquesne City 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, 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	\$ 16,300,625	\$ 12,314,040	\$ 16,197,956	\$ 9,610,141
Instructional Student Support	2,032,646	1,551,268	2,569,697	1,240,439
Admin. and Fin. Support Svcs.	1,378,377	1,192,451	1,587,133	1,256,704
Operation and Maintenance of Plant Services	1,312,247	1,185,211	1,502,064	1,307,870
Pupil Transportation	1,298,019	434,047	1,419,885	802,264
Student Activities	101,196	77,421	115,268	94,106
Community Services	53,511	53,511	66,962	66,159
Interest on Long-Term Debt	<u>232,814</u>	<u>80,624</u>	<u>238,610</u>	<u>(30,118)</u>
Total Governmental Activities	<u>\$ 22,709,435</u>	16,888,573	<u>\$ 23,697,575</u>	14,347,565
Less:				
Unrestricted Grants, Subsidies		<u>(15,422,898)</u>		<u>(14,997,997)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$ 1,465,675</u>		<u>\$ (650,432)</u>

**Duquesne City 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>\$ 498,322</u>	\$ (78,319)	<u>\$ 552,213</u>	\$ (39,820)
Add/Less:				
Investment Earnings		<u>(8,179)</u>		<u>(8,317)</u>
Total Business-Type Activities		<u>\$ (86,498)</u>		<u>\$ (48,137)</u>

School District Funds

Governmental Funds

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

As of the end of the current fiscal year, the School District's governmental funds reported an increase in fund balance of \$816,574. The combined ending fund balance of the governmental funds was \$5,234,885. Approximately \$2,552,695 of this total amount constitutes the unassigned fund balance. The assigned fund balances are for extraordinary educational expenses.

The general fund is the chief operating fund of the School District. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The total unassigned fund balance of the general fund as of June 30, 2025, was \$2,552,695, or approximately 11.25% of total general fund expenditures.

**Duquesne City School District
Management's Discussion and Analysis
June 30, 2025**

Proprietary Funds

The School District utilized an enterprise fund to account for all of the School District's food service operations, which are financed and operated in a manner similar to private business enterprises. Food service operations intend to provide services at cost, which are financed or recovered primarily through governmental subsidies or user charges. For the year ended June 30, 2025, state and federal reimbursement and donated commodities comprised approximately 100% of food service revenues.

General Fund Budgetary Highlights

Total revenues were \$1,688,834 over budget.

Total expenditures were \$544,870 over budget.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2025, the School District had \$12,498,725 invested in a broad range of capital assets, including land, buildings, and furniture and equipment.

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

	2025	2024
Land and Land Improvements	\$ 179,117	\$ 192,815
Buildings and Building Improvements	12,312,094	13,267,735
Furniture and Equipment	7,514	12,022

Debt Administration

At the end of June 30, 2025, the School District had bonds payable of \$143,337 and notes payable of \$9,660,000.

Table A - 6
Outstanding Debt

	As of 06/30/25	As of 06/30/24
General Obligation Bonds		
Series B of 2010	\$ 143,337	\$ 179,170

**Duquesne City School District
Management's Discussion and Analysis
June 30, 2025**

	As of 06/30/25	As of 06/30/24
General Obligation Notes		
Series of 2021A	\$ -	\$ 205,000
Series of 2021B	9,660,000	9,935,000
Transition Loan	\$ -	\$ 221,666

Economic Factors and Next Year's Budget and Rates

The Board of Directors adopted a 2025/2026 general fund budget of \$22,919,191 in revenues, \$22,919,191 in expenditures and other financing uses and \$1,965,793 in ending fund balance.

The real estate millage was levied at 21.19 mills.

Table A - 7

	Budgeted Revenue 2025/2026	Actual Revenue 2024/2025
Local	10.0%	10.2%
State	85.4%	84.3%
Federal	4.6%	5.5%
	Budgeted Expenditures 2025/2026	Actual Expenditures 2024/2025
Instruction	68.7%	67.7%
Support Services	26.5%	26.3%
Noninstructional Services	0.9%	0.7%
Fund Transfers/Debt/Other	3.9%	5.3%

Contacting the School District Financial Management

Our financial report provides 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 funds it receives. If you have questions about this report, please contact Devin Fortna, Business Manager, Duquesne City School District, 300 Kennedy Avenue, Duquesne, PA 15110.

Duquesne City School District
Statement of Net Position
June 30, 2025

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,789,977	\$ 320,400	\$ 6,110,377
Taxes Receivable, Net	3,548,369	-	3,548,369
Internal Balances	(8,402)	8,402	-
Due From Other Governments	1,408,422	73,242	1,481,664
Inventories	-	3,473	3,473
Prepaid Items	115,392	-	115,392
Capital Assets not Being Depreciated			
Land	66,226	-	66,226
Capital Assets, Net			
Land Improvements	112,891	-	112,891
Building & Building Improvements	12,312,094	-	12,312,094
Furniture & Equipment	7,514	47,668	55,182
Intangible Right-to-Use Assets	119,480	-	119,480
TOTAL ASSETS	23,471,963	453,185	23,925,148
DEFERRED OUTFLOWS OF RESOURCES			
Amounts Related to OPEB	446,874	-	446,874
Amounts Related to Pension	3,401,764	-	3,401,764
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,848,638	-	3,848,638
LIABILITIES			
Accounts Payable	941,194	99,355	1,040,549
Accrued Salaries and Benefits	1,223,407	-	1,223,407
Payroll Deductions and Withholdings	22,666	-	22,666
Unearned Revenues	53,355	4,053	57,408
Accrued Interest	22,811	-	22,811
Noncurrent Liabilities:			
Due Within One Year	515,633	-	515,633
Due in More Than One Year:			
Bonds Payable	107,504	-	107,504
Notes Payable	9,230,000	-	9,230,000
Compensated Absences	190,800	-	190,800
Leases Payable	82,522	-	82,522
Other Post-Employment Benefits	1,844,688	-	1,844,688
Net Pension Liability	15,110,000	-	15,110,000
TOTAL LIABILITIES	29,344,580	103,408	29,447,988
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to OPEB	536,659	-	536,659
Amounts Related to Pension	238,000	-	238,000
TOTAL DEFERRED INFLOWS OF RESOURCES	774,659	-	774,659
NET POSITION			
Net Investment in Capital Assets	2,692,546	47,668	2,740,214
Unrestricted	(5,491,184)	302,109	(5,189,075)
TOTAL NET POSITION	\$ (2,798,638)	\$ 349,777	\$ (2,448,861)

See Accompanying Notes

**Duquesne City School District
Statement of Activities
Year Ended June 30, 2025**

Exhibit 2

Functions/Programs	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	\$ 16,300,625	\$ 3,986,585	\$ -	\$ (12,314,040)	\$ -	\$ (12,314,040)
Instructional Student Support	2,032,646	481,378	-	(1,551,268)	-	(1,551,268)
Administrative and Financial Support Services	1,378,377	185,926	-	(1,192,451)	-	(1,192,451)
Operation and Maintenance of Plant Services	1,312,247	127,036	-	(1,185,211)	-	(1,185,211)
Pupil Transportation	1,298,019	863,972	-	(434,047)	-	(434,047)
Student Activities	101,196	23,775	-	(77,421)	-	(77,421)
Community Services	53,511	-	-	(53,511)	-	(53,511)
Interest on Long-Term Debt	232,814	34,209	117,981	(80,624)	-	(80,624)
Total Governmental Activities	22,709,435	5,702,881	117,981	(16,888,573)	-	(16,888,573)
Business-type Activities:						
Food Service	498,322	510,079	-	-	78,319	78,319
Total Primary Government	\$ 23,207,757	\$ 6,212,960	\$ 117,981	(16,888,573)	78,319	(16,810,254)
General Revenues						
Taxes						
Property Taxes Levied for General Purposes, Net				1,649,108	-	1,649,108
Earned Income Taxes				402,037	-	402,037
Other Taxes Levied for General Purposes, Net				38,110	-	38,110
Grants, Subsidies and Contributions not Restricted				15,422,898	-	15,422,898
Investment Earnings				246,411	8,179	254,590
Miscellaneous Income				62,518	-	62,518
Total General Revenues				17,821,082	8,179	17,829,261
Change in Net Position				932,509	86,498	1,019,007
Net Position - July 1, 2024				(3,731,147)	263,279	(3,467,868)
Net Position - June 30, 2025				\$ (2,798,638)	\$ 349,777	\$ (2,448,861)

See Accompanying Notes

**Duquesne City School District
Balance Sheet
Governmental Funds
June 30, 2025**

Exhibit 3

	General Fund	Non Major Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 5,761,560	\$ 28,417	\$ 5,789,977
Taxes Receivable, Net	3,548,369	-	3,548,369
Due from Other Funds	-	163,381	163,381
Due from Other Governments	1,408,422	-	1,408,422
Prepaid Items	115,392	-	115,392
	<u>115,392</u>	<u>-</u>	<u>115,392</u>
TOTAL ASSETS	<u><u>\$ 10,833,743</u></u>	<u><u>\$ 191,798</u></u>	<u><u>\$ 11,025,541</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ 171,783	\$ -	\$ 171,783
Accounts Payable	941,194	-	941,194
Accrued Salaries and Benefits	1,223,407	-	1,223,407
Payroll Deductions and Withholdings	22,666	-	22,666
Unearned Revenues	53,355	-	53,355
	<u>53,355</u>	<u>-</u>	<u>53,355</u>
Total Liabilities	<u>2,412,405</u>	<u>-</u>	<u>2,412,405</u>
Deferred Inflows of Resources			
Unavailable Revenues - Property Taxes	3,378,251	-	3,378,251
	<u>3,378,251</u>	<u>-</u>	<u>3,378,251</u>
Fund Balances			
Nonspendable	115,392	-	115,392
Assigned	3,125,000	191,798	3,316,798
Unassigned	1,802,695	-	1,802,695
	<u>1,802,695</u>	<u>-</u>	<u>1,802,695</u>
Total Fund Balances	<u>5,043,087</u>	<u>191,798</u>	<u>5,234,885</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 10,833,743</u></u>	<u><u>\$ 191,798</u></u>	<u><u>\$ 11,025,541</u></u>

See Accompanying Notes

Duquesne City 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

\$ 5,234,885

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 \$35,186,914, and the accumulated depreciation is \$22,688,189. 12,498,725

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 \$199,134 and the accumulated amortization is \$79,654. 119,480

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. 3,378,251

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

Bonds Payable	\$ (143,337)	
Accrued Interest on the Bonds	(22,811)	
Notes Payable	(9,660,000)	
Leases Payable	(122,322)	
Compensated Absences	<u>(200,800)</u>	(10,149,270)

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	(1,844,688)	
Net Pension Liability	<u>(15,110,000)</u>	(16,954,688)

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	3,401,764	
Deferred Inflows of Resources Related to Pensions	(238,000)	
Deferred Outflows of Resources Related to OPEB - PSERS	446,874	
Deferred Inflows of Resources Related to OPEB - PSERS	<u>(536,659)</u>	<u>3,073,979</u>

Total Net Position - Governmental Activities

\$ (2,798,638)

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

Exhibit 5

	General Fund	Non Major Fund	Total Governmental Funds
Revenues			
Local Sources	\$ 2,386,453	\$ 1,249	\$ 2,387,702
State Sources	19,812,700	-	19,812,700
Federal Sources	<u>1,298,980</u>	<u>-</u>	<u>1,298,980</u>
 Total Revenues	 <u>23,498,133</u>	 <u>1,249</u>	 <u>23,499,382</u>
 Expenditures			
Instruction	15,295,010	-	15,295,010
Support Services	5,972,691	-	5,972,691
Noninstructional Services	147,436	-	147,436
Capital Outlay	65,136	-	65,136
Debt Service (Principal & Interest)	1,084,689	-	1,084,689
Refunds of Prior Year's Receipts	<u>117,846</u>	<u>-</u>	<u>117,846</u>
 Total Expenditures	 <u>22,682,808</u>	 <u>-</u>	 <u>22,682,808</u>
 Net Change in Fund Balances	 815,325	 1,249	 816,574
 Fund Balances - July 1, 2024	 <u>4,227,762</u>	 <u>190,549</u>	 <u>4,418,311</u>
 Fund Balances - June 30, 2025	 <u>\$ 5,043,087</u>	 <u>\$ 191,798</u>	 <u>\$ 5,234,885</u>

See Accompanying Notes

**Duquesne City School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
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	\$	816,574
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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 difference between capital outlays and depreciation/amortization in the period.

Depreciation Expense	\$ (973,847)	
Intangible Right-to-Use Asset Amortization	<u>(39,827)</u>	(1,013,674)

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.	260,408
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Repayment of bond, note, lease and loan payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	776,356
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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	4,363	
Other Post-Employment Benefits	<u>(9,359)</u>	(4,996)

**Duquesne City School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
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		1,030
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Note discount, and premium are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the notes in the statement of activities.

Amortization of Discount, Premium and Deferred Loss on Refunding		74,489
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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	1,700,115		
Cost of Benefits Earned	<u>(1,677,793)</u>	<u>22,322</u>	

Change in Net Position of Governmental Activities		<u>\$ 932,509</u>
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See Accompanying Notes

Duquesne City School District
Statement of Net Position
Proprietary Funds
June 30, 2025

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 320,400
Due From Other Funds	8,402
Due From Other Governments	73,242
Inventories	<u>3,473</u>
Total Current Assets	<u>405,517</u>
Noncurrent Assets	
Machinery and Equipment, Net	<u>47,668</u>
TOTAL ASSETS	<u><u>453,185</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	99,355
Unearned Revenues	<u>4,053</u>
TOTAL LIABILITIES	<u>103,408</u>
NET POSITION	
Invested in Capital Assets	47,668
Unrestricted	<u>302,109</u>
TOTAL NET POSITION	<u><u>\$ 349,777</u></u>

See Accompanying Notes

Duquesne City 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>\$ 66,562</u>
Operating Expenses	
Purchased Prof. and Tech. Services	
Purchased Property Services	5,791
Other Purchased Services	456,619
Supplies	28,579
Depreciation	6,282
Other Operating Expenditures	<u>1,051</u>
Total Operating Expenses	<u>498,322</u>
Operating Income (Loss)	<u>(431,760)</u>
Nonoperating Revenues (Expenses)	
Earnings on Investments	8,179
State Sources	14,498
Federal Sources	<u>495,581</u>
Total Nonoperating Revenues (Expenses)	<u>518,258</u>
Change in Net Position	86,498
Net Position - July 1, 2024	<u>263,279</u>
Net Position - June 30, 2025	<u>\$ 349,777</u>

See Accompanying Notes

**Duquesne City 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	\$ 74,803
Cash Payments to Suppliers for Goods and Services	(409,234)
Cash Payments for Other Operating Expenses	<u>(1,051)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(335,482)</u>
Cash Flows From Non-Capital Financing Activities	
State Sources	13,946
Federal Sources	<u>457,704</u>
Net Cash Provided by Non-Capital Financing Activities	<u>471,650</u>
Cash Flows From Investing Activities	
Earnings on Investments	<u>8,179</u>
Net Increase (Decrease) in Cash and Cash Flows	144,347
Cash and Cash Equivalents - July 1, 2024	<u>176,053</u>
Cash and Cash Equivalents - June 30, 2025	<u>\$ 320,400</u>

**Duquesne City School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2025**

Exhibit 9

	Food Service Fund
Operating Income (Loss)	<u>\$ (431,760)</u>
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided by (Used for) Operating Activities	
Depreciation and Net Amortization	6,282
Donated Commodities	21,757
(Increase) Decrease in Accounts Receivable	9,236
(Increase) Decrease in Inventories	(156)
Increase (Decrease) in Accounts Payable	59,419
Increase (Decrease) in Advances from Other Funds	(995)
Increase (Decrease) in Deferred Revenue	<u>735</u>
Total Adjustments	<u>96,278</u>
Cash Provided by (Used for) Operating Activities	<u>\$ (335,482)</u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2025, the School District received \$21,912 of U.S.D.A Donated Commodities in the food service fund.

See Accompanying Notes

Duquesne City School District
Statement of Net Position
Fiduciary Funds
June 30, 2025

Exhibit 10

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	<u>\$ 12,424</u>
 NET POSITION	
Restricted for Student Groups	<u>\$ 12,424</u>

See Accompanying Notes

**Duquesne City School District
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2025**

Exhibit 11

	Custodial Fund
Additions	
Interest Earnings	\$ 269
Deductions	<u>-</u>
Change in Net Position	269
Net Position - July 1, 2024	<u>12,155</u>
Net Position - June 30, 2025	<u><u>\$ 12,424</u></u>

See Accompanying Notes

Duquesne City School District
Notes to Financial Statements
June 30, 2025

Note 1 - Summary of Significant Accounting Policies

Duquesne City School District, located in Allegheny County, Pennsylvania, provides public education, kindergarten through eighth grade, to the residents of the City of Duquesne. The School District operates under a court-appointed Board of Control.

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 Duquesne City 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 this major governmental fund and fund type:

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.

Duquesne City School District
Notes to Financial Statements
June 30, 2025

The School District also reports, as a nonmajor governmental fund, the following:

The *capital reserve fund* accounts for financial resources to be used for capital expenditures.

The activities reported in this fund are reported as governmental activities in the government-wide financial statements.

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.

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.

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 fund. This fund accounts for student activities in the middle school.

Duquesne City School District
Notes to Financial Statements
June 30, 2025

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.

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. 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.

Duquesne City School District
Notes to Financial Statements
June 30, 2025

E. Investments

Investments are stated at fair value except the 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.

F. 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 no 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.

G. 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”.

H. 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.

Duquesne City School District
Notes to Financial Statements
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.

I. 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.

J. 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 \$4,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$4,000 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
Land Improvements	40
Furniture	20
Vehicles	10-15
Equipment	10
Computer Software	5-7

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

Duquesne City School District
Notes to Financial Statements
June 30, 2025

K. 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. Per review of the information technology arrangements identified by the School District as potential SBITAs, the arrangements were determined to either not meet the definition of a SBITA or were immaterial to the financial statements.

L. 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 discounts 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 discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Compensated Absences

The School District's policies regarding vacation and sick time are 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.

N. 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 relating to the participation in the cost-sharing defined benefit pension plan and other post-employment benefit plans. The School District reports no deferred outflows of resources in the fund financial statements.

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 only one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category.

Duquesne City School District
Notes to Financial Statements
June 30, 2025

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.

In addition, the School District has various items to report in the government-wide statement of net position relating to the cost-sharing defined benefit pension plan and other post-employment benefit plans. The amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

O. Defining Operating Revenues and Expenses

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

P. Equity Classifications

Government-Wide Statements

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

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

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

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

Fund Statements - Fund Balance

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

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

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

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action, approval of a motion by the majority of the School Board.

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Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially commit the money.

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

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

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

The purposes of the nonspendable, restricted and assigned fund balance as of June 30, 2025, are as follows:

1. The nonspendable fund balance of \$115,392 in the general fund represents prepaid items.
2. The assigned fund balance of \$191,798 in the capital reserve fund is for future capital improvements.
3. The assigned fund balance of \$3,125,000 in the general fund is for future special education costs in the amount of \$1,250,000 and capital improvement needs of the School District in the amount of \$1,875,000.

Note 2 - Deposits and Investments

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2025, \$380,782 of the School District's bank balance of \$630,782 was exposed to custodial credit risk.

Uninsured and Collateral Held by Pledging	
Bank's Agent not in the School District's Name	<u>\$380,782</u>

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

Investments	Fair Value
PSDLAF	<u>\$ 5,736,862</u>

Duquesne City School District
Notes to Financial Statements
June 30, 2025

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 1E. The School District has no investment policy that would further limit its investment choices.

The School District's investments in the Pennsylvania Local Government Investment Trust (PLGIT) and Pennsylvania School District Liquid Asset Fund (PSDLAF) were rated AAAM by Standard & Poor's.

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. 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 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 and PLGIT 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 value of the position in PSDLAF and PLGIT is the same as the value of PSDLAF and PLGIT shares. There are no limitations or restrictions on withdrawals.

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 was 21.90 mills (\$21.90 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied are 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	January 15, 2025

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 revenue on the balance sheet until they are received. The amounts reported for this receivable is net of the estimated uncollectible amounts and are reported on the balance sheet in the amount of \$3,378,251 along with other taxes receivable of \$170,118.

Duquesne City School District
Notes to Financial Statements
June 30, 2025

Note 4 - Due from Other Governments

At June 30, 2025, the following amounts are due from other governmental units:

	Governmental Funds	Business-Type Funds	Totals
Federal (through the state)	\$ 375,233	\$ 71,007	\$ 446,240
State	901,109	2,235	903,344
Local	<u>132,080</u>	<u>-</u>	<u>132,080</u>
	<u>\$ 1,408,422</u>	<u>\$ 73,242</u>	<u>\$ 1,481,664</u>

Note 5 - Interfund Balances

Interfund balances at June 30, 2025 were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 171,783
Capital Reserve Fund	163,381	-
Food Service Fund	<u>8,402</u>	<u>-</u>
	<u>\$ 171,783</u>	<u>\$ 171,783</u>

Balances resulted from the time lag between the dates (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 balances are expected to be collected in the subsequent year.

Note 6 - Capital Assets

For the year ended June 30, 2025, capital asset activity was as follows:

	Balance 07/01/24	Additions	Transfers	Balance 06/30/25
Governmental Activities				
Capital Assets not Being Depreciated/Amortized				
Land	<u>\$ 66,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,226</u>
Capital Assets Being Depreciated/Amortized				
Land Improvements	3,106,486	-	-	3,106,486
Buildings and Building Improvements	31,169,888	-	-	31,169,888
Furniture and Equipment	844,314	-	-	844,314
Intangible Assets	<u>199,134</u>	<u>-</u>	<u>-</u>	<u>199,134</u>
Total Capital Assets Being Depreciated/Amortized	<u>35,319,822</u>	<u>-</u>	<u>-</u>	<u>35,319,822</u>

Duquesne City School District
Notes to Financial Statements
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	Balance 07/01/24	Additions	Transfers	Balance 06/30/25
Less Accumulated Depreciation/Amortization				
Land Improvements	2,979,897	13,698	-	2,993,595
Buildings and Building Improvements	17,902,153	955,641	-	18,857,794
Furniture and Equipment	832,292	4,508	-	836,800
Intangible Assets	<u>39,827</u>	<u>39,827</u>	<u>-</u>	<u>79,654</u>
Total Accumulated Depreciation/Amortization	<u>21,754,169</u>	<u>1,013,674</u>	<u>-</u>	<u>22,767,843</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>13,565,653</u>	<u>(1,013,674)</u>	<u>-</u>	<u>12,551,979</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,631,879</u>	<u>\$ (1,013,674)</u>	<u>\$ -</u>	<u>\$ 12,618,205</u>
Business-Type Activities				
Furniture and Equipment	\$ 140,961	\$ -	\$ -	\$ 140,961
Less Accumulated Depreciation and Equipment	<u>87,011</u>	<u>6,282</u>	<u>-</u>	<u>93,293</u>
Business-Type Activities Capital Assets, Net	<u>\$ 53,950</u>	<u>\$ (6,282)</u>	<u>\$ -</u>	<u>\$ 47,668</u>

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

Governmental Activities

Instruction	\$ 952,617
Administration and Financial Support Services	40,119
Operation and Maintenance of Plant Services	13,537
Student Activities	<u>7,401</u>
Total Depreciation/Amortization Expense	<u>\$ 1,013,674</u>

Business-Type Activities - Food Service	<u>\$ 6,282</u>
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Duquesne City School District
Notes to Financial Statements
June 30, 2025

Note 7 - Long-Term Liabilities

The following are changes in long-term liabilities for the fiscal year ended June 30, 2025:

	Balance 07/01/24	Additions	Reductions	Balance 06/30/25	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 179,170	\$ -	\$ 35,833	\$ 143,337	\$ 35,833
Notes Payable					
General Obligation Notes	10,140,000	-	480,000	9,660,000	430,000
Plus: Note Premium	77,615	-	77,615	-	-
Total Notes Payable	<u>10,217,615</u>	<u>-</u>	<u>557,615</u>	<u>9,660,000</u>	<u>430,000</u>
Transition Loans	221,666	-	221,666	-	-
Compensated Absences	<u>205,163</u>	<u>-</u>	<u>4,363</u>	<u>200,800</u>	<u>10,000</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 10,823,614</u>	<u>\$ -</u>	<u>\$ 819,477</u>	<u>\$ 10,004,137</u>	<u>\$ 475,833</u>
Lease Liabilities	<u>\$ 161,179</u>	<u>\$ -</u>	<u>\$ 38,857</u>	<u>\$ 122,322</u>	<u>\$ 39,800</u>
Total Long-Term Obligations as Reported in the Statement of Net Position				<u>\$ 10,126,459</u>	<u>\$ 515,633</u>

General Obligation Bonds

State Public School Building Authority QSCB Series B of
2010 - due in annual installments of \$41,893; interest at
6.495%; BAB Credit of 86%

\$ 143,337

General Obligation Notes

Series of 2021B - Semi-annual installments through June 1,
2041; interest at 2.0% to 4.0%

\$ 9,660,000

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

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

Duquesne City School District
Notes to Financial Statements
June 30, 2025

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

Year Ended June 30,	General Obligation Bonds		Build America	General Obligation Notes		Totals
	Principal	Interest	Bonds Credit	Principal	Interest	
	(On Issuance Amount)					
2026	\$ 35,833	\$ 41,893	\$ (36,120)	\$ 430,000	\$ 250,647	\$ 722,253
2027	35,833	41,893	(36,120)	445,000	233,448	720,054
2028	35,833	41,893	(36,120)	465,000	215,648	722,254
2029	35,838	20,941	(18,060)	505,000	197,048	740,767
2030	-	-	-	570,000	176,847	746,847
2031-2035	-	-	-	3,090,000	654,237	3,744,237
2036-2040	-	-	-	3,425,000	316,638	3,741,638
2041	-	-	-	730,000	16,790	746,790
	<u>\$ 143,337</u>	<u>\$ 146,620</u>	<u>\$ (126,420)</u>	<u>\$ 9,660,000</u>	<u>\$ 2,061,303</u>	<u>\$ 11,884,840</u>

Note 8 - Lease Liabilities

On July 1, 2023 the School District entered into an agreement to lease copiers. The term of the lease is for five years requiring monthly payments of \$3,525. 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 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 lease liability recorded for the above lease was \$122,322. As a result, the School District has recorded an Intangible Right-to-Use asset with a net book value of \$119,480 as of June 30, 2025.

	Balance 07/01/24	Additions	Transfers	Balance 06/30/25
Governmental Activities				
Intangible Right-to-use Assets:				
Leased Equipment	\$ 199,134	\$ -	\$ -	\$ 199,134
Less Accumulated Amortization	<u>39,827</u>	<u>39,827</u>	<u>-</u>	<u>79,654</u>
Net Intangible Right-to-use Assets	<u>\$ 159,307</u>	<u>\$ (39,827)</u>	<u>\$ -</u>	<u>\$ 119,480</u>

Duquesne City School District
Notes to Financial Statements
June 30, 2025

Future minimum lease payments under this lease are as follows:

Year Ended June 30,	Lease Payable		Totals
	Principal	Interest	
2026	\$ 39,800	\$ 2,500	\$ 42,300
2027	40,766	1,534	42,300
2028	41,756	544	42,300
	<u>\$ 122,322</u>	<u>\$ 4,578</u>	<u>\$ 126,900</u>

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

A. Summary of Significant Accounting Policies

Pensions

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

B. General Information about the Pension Plan

1. Plan Description

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

Duquesne City School District
Notes to Financial Statements
June 30, 2025

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.

**Duquesne City School District
Notes to Financial Statements
June 30, 2025**

3. Contributions

Member Contributions

The contribution rates based on qualified member compensation for virtually all members are presented below:

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 \$1,700,115 for the year ended June 30, 2025.

Duquesne City School District
Notes to Financial Statements
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 \$15,110,000 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 0.0361%, which was an increase of 0.0015% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the School District recognized pension expense of \$1,677,793. 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	\$ -	\$ 238,000
Net difference between projected and actual investment earnings	250,000	-
Changes in proportions	1,413,000	-
Difference between employer contributions and proportionate share of total contributions	38,649	-
Contributions subsequent to the measurement date	1,700,115	-
	<u>\$ 3,401,764</u>	<u>\$ 238,000</u>

\$1,700,115 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	\$ 258,333
2027	280,674
2028	773,885
2029	150,757
	<u>\$ 1,463,649</u>

Duquesne City School District
Notes to Financial Statements
June 30, 2025

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

Duquesne City School District
Notes to Financial Statements
June 30, 2025

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	<u>9.5%</u>	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.

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	\$ 19,904	\$ 15,110	\$ 11,061

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.

Duquesne City School District
Notes to Financial Statements
June 30, 2025

Note 10 - Contingent Liabilities

Duquesne City School District participates in a number of federally assisted grant programs, principal of which are Education Stabilization Fund and the Title I 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. 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.

Note 11 - Other Post-Employment Benefit Plan

A. Plan Description

Duquesne City School District administers a single-employer defined benefit healthcare plan ("the Supplemental Health Plan"). The plan provides medical, dental and vision benefits for three groups of employees: teachers; administrators and support staff. The benefits provided are for the eligible retirees 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.

The eligibility and benefits for each group are as follows:

1) Administrators

Coverage and Premium Sharing

- Coverage: Medical, Prescription Drug, Dental and Vision.
- Premium Sharing: For administrators that have at least 10 years of School District service, Duquesne City School District will pay 100% of premiums towards coverage for the retiree and his/her spouse. Members that do not qualify for the subsidy can still receive coverage by paying the full premium.
- Dependents: Spouse included.

Duration

- Retiree coverage ceases at age 65.
- Spousal coverage ceases at the earliest of the retiree or the spouse reaching age 65 or retiree death.

2) Teachers

Retired Prior to July 1, 2009

- Coverage: Medical, Prescription Drug, Dental and Vision.
- Premium Sharing: Duquesne City School District will pay 100% of premiums towards coverage for the retiree and his/her spouse for 3 years. After 3 years, Duquesne City School District will require the retiree to pay the difference between the current year rate and the rate at the time of retirement.
- Dependents: Spouses and children included.

**Duquesne City School District
Notes to Financial Statements
June 30, 2025**

Duration

- Retiree coverage ceases at age 65.
- Spousal coverage ceases at the earliest of the retiree or the spouse reaching age 65 or retiree death.
- Life insurance coverage ceases at age 65.

Retired on or After July 1, 2009

- Coverage: Medical, Prescription Drug, Dental and Vision.
- Premium Sharing: For teachers that have at least 30 years of PSERS service with at least 20 years of service with the School District, Duquesne City School District will pay 100% of the premium rate at the time of retirement. The retiree must pay the difference between the current year rate and the rate at the time of retirement. Spouses and dependents can receive coverage by paying the full premium. Members who do not qualify for the subsidy can receive coverage by paying the full premium.
- Dependents: Spouses and children included.

Duration

- Same as 1.

3) Support Staff

Coverage

Act 110/43

Duration

Same as 1.

At July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>85</u>
	<u><u>88</u></u>

B. Total OPEB Liability

The School District's total OPEB liability of \$1,199,688 was measured as of July 1, 2024, and was determined by an actuarial valuation as of July 1, 2023. Standard roll-forward techniques were used to roll-forward the liability from the valuation date to the measurement date using updated assumptions.

Duquesne City School District
Notes to Financial Statements
June 30, 2025

C. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation roll-forward was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	4.0% to 6.75%
Discount Rate	4.29%
Healthcare Cost Trend Rates	7.0% in 2024, decrease of 0.5% per year until 5.5% in 2027.

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

Mortality rates were based on separate rates assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

The actuarial assumption in the July 1, 2024 valuation roll-forward were selected using input from the School District based upon actual experience.

D. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	\$ 1,179,621
Changes for the year:	
Service Cost	76,432
Interest	49,586
Changes of Assumptions or Other Inputs	(3,649)
Benefit Payments	<u>(102,302)</u>
Net Changes	<u>20,067</u>
Balance at June 30, 2025	<u>\$ 1,199,688</u>

E. Change in of Assumptions and Other Inputs

- Changed the discount rate from 4.13% to 4.29%.
- The trend assumption was updated.

Duquesne City School District
Notes to Financial Statements
June 30, 2025

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

The following is the total OPEB liability to the School District, as well as the total OPEB liability using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
Total OPEB Liability	\$ 1,112,755	\$ 1,199,688	\$ 1,292,291

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

The following is the total OPEB liability to the School District, as well as the total OPEB liability using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 1,346,347	\$ 1,199,688	\$ 1,076,159

H. 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 \$108,335.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 31,023	\$ 54,450
Change in assumptions	135,399	339,209
Benefit payments subsequent to the measurement date	106,708	-
	\$ 273,130	\$ 393,659

The \$106,708 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.

Duquesne City School District
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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	\$ (17,683)
2027	(17,683)
2028	(17,683)
2029	(17,683)
2030	(17,683)
Thereafter	<u>(138,822)</u>
	<u>\$ (227,237)</u>

Note 12 - 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.

Duquesne City School District
Notes to Financial Statements
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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. 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 \$32,536 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 \$645,000 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 0.0363%, which was an increase of 0.0013% from its proportion measured as of June 30, 2024.

Duquesne City School District
Notes to Financial Statements
June 30, 2025

For the year ended June 30, 2025, the School District recognized OPEB expense of \$40,268. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,000	\$ 10,000
Net difference between projected and actual investment earnings	1,000	-
Changes in assumptions	39,000	98,000
Changes in proportions	99,000	35,000
Difference between employer contributions and proportionate share of total contributions	208	-
Contributions subsequent to the measurement date	32,536	-
	<u>\$ 173,744</u>	<u>\$ 143,000</u>

\$32,536 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	\$ (860)
2027	(4,981)
2028	(11,984)
2029	13,033
2030	3,000
	<u>\$ (1,792)</u>

1. Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by rolling forward the System's total OPEB liability as of 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.

Duquesne City School District
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June 30, 2025

- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- 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.
- 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 Mortality 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>	1.70%

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.

Duquesne City School District
Notes to Financial Statements
June 30, 2025

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. 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, 4 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% Decrease	Current Trend Rate	1.00% Increase
System net OPEB Liability	\$ 645	\$ 645	\$ 645

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% Decrease	Current Discount Rate	1.00% Increase
	3.21%	4.21%	5.21%
School District's proportionate share of the net OPEB liability	\$ 728	\$ 645	\$ 575

Duquesne City School District
Notes to Financial Statements
June 30, 2025

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.

Note 13 - Board of Control

On October 11, 2000, the Commonwealth of Pennsylvania's Secretary of Education declared the School District financially distressed in accordance with provisions of the Pennsylvania Public School Code of 1949. Under the law, a three member Board of Control has been appointed to exercise duties usually performed by the regular School Board. The Board of Control will operate until a sound financial structure is established for the School District; there is no fixed term.

Duquesne City School District was declared to be in severe financial recovery status by the Secretary of Education on November 16, 2012. Preparation of the Recovery Plan began at that time. The Plan, completed and delivered on February 11, 2013, set forth measures to be taken to bring the School District out of severe financial recovery status, in accordance with the Public School Code. The Duquesne City Board of School Directors declined to approve the Plan. At that point, the Secretary of Education petitioned the Allegheny County Court of Common Pleas to appoint a receiver and order implementation of the Recovery Plan, as prescribed in the Public School Code. The petition was granted on April 2, 2013, which marked the official implementation of the Recovery Plan.

The Recovery Plan addresses both finance and education. The dual goal of the Plan has been, and remains, to re-establish high quality public education for the students of Duquesne while achieving stable and sustainable finances for Duquesne City School District.

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. The most recent information available shows contributions to the Consortium totaled \$1,361,024 and \$1,432,209 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. The most recent information available shows, as of June 30, 2025, the net position of the Consortium was \$84,042,714 of which \$247,210 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, workmen'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.

Duquesne City School District
Notes to Financial Statements
June 30, 2025

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

Note 15 - On-Behalf Payments

The amount recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2025 was \$1,846,985.

This includes \$1,577,526 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 \$269,459 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 - Educational Programs

On June 5, 2007, the Duquesne City School District's Board of Control passed a resolution that curtailed the operation of the high school. Beginning in 2007/2008, students from grades 9 through 12 attended either West Mifflin Area High School or East Allegheny High School. Beginning in 2012/2013, students in grades 7 and 8 attended either West Mifflin Area School District or East Allegheny School District. The School District pays the statutory amount for the students attending the other districts. By the 2022/2023 school year, the students in grades 7 and 8 have returned to the School District. Duquesne City School District currently continues to educate its K-8 students within the School District.

Note 17 – Joint Venture

The School District is one of eleven member school districts of the Steel Valley Center Area Vocational-Technical School ("Steel Center"). Steel Center provides vocational-technical training and education to participating students of the member districts. Steel Center is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Direct oversight of Steel Center's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Steel Center. The School District's share of annual operating and capital costs for Steel Center fluctuates, based on the percentage of enrollment of each member district in the school. The School District's financial obligation to Steel Center for the year ended June 30, 2025 was \$96,483 which has been reported in the School District's general fund. The School District has no equity interest in Steel Center as of June 30, 2025. Complete financial statements for Steel Center can be obtained from the administrative offices at 565 Lewis Run Road, Jefferson Hills, Pennsylvania 15025.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$ 1,311,802	\$ 1,311,802	\$ 1,289,948	\$ (21,854)
Public Utility Realty Taxes	1,600	1,600	-	(1,600)
Payments in Lieu of Current Taxes	1,750	1,750	1,911	161
Local Services Taxes	6,000	6,000	6,842	842
Earned Income Taxes	338,000	338,000	401,159	63,159
Real Estate Transfer Taxes	15,000	15,000	29,357	14,357
Delinquencies on Taxes	251,000	251,000	217,476	(33,524)
Earnings on Investments	50,000	50,000	245,162	195,162
Other Local Revenues				
Federal Revenues from IU	140,000	140,000	132,080	(7,920)
Contributions & Donations from Private Sources	5,000	5,000	7,240	2,240
Rentals	43,000	43,000	45,236	2,236
Miscellaneous Revenue	3,000	3,000	10,042	7,042
Total Revenues from Local Sources	<u>2,166,152</u>	<u>2,166,152</u>	<u>2,386,453</u>	<u>220,301</u>
State Sources				
Basic Instructional & Oper. Subsidies				
Basic Instructional Subsidy	14,537,262	14,537,262	14,828,055	290,793
Charter School Nonpublic	-	-	54,890	54,890
Vocational Education	-	-	15,000	15,000
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	945,363	945,363	1,056,528	111,165
Subsidies for Noneduc. Programs				
Transportation (Regular & Additional)	615,000	615,000	863,972	248,972
Rentals & Sinking Fund Payments	118,200	118,200	117,981	(219)
Ready to Learn Block Grant	202,807	202,807	449,835	247,028
Health Services	7,500	7,500	8,441	941
Feminine Hygiene Products	-	-	1,060	1,060
State Property Tax Reduction	539,953	539,953	539,953	-
Social Security Payments	190,000	190,000	269,459	79,459
State Retirement Revenue	1,275,000	1,275,000	1,577,526	302,526
Other State Revenue	141,365	141,365	30,000	(111,365)
Total Revenues from State Sources	<u>18,572,450</u>	<u>18,572,450</u>	<u>19,812,700</u>	<u>1,240,250</u>

**Duquesne City 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		
Federal Sources				
Restricted Grants-In-Aid from the Fed. Gov't. through the Commonwealth				
Title I	871,974	871,974	874,269	2,295
Title II	60,061	60,061	54,210	(5,851)
Title IV	59,812	59,812	64,564	4,752
Title III	2,750	2,750	-	(2,750)
Seeks Grant	-	-	148,259	148,259
Other Federal Cares Revenues	-	-	111,365	111,365
ARP ESSER 7%	-	-	8,214	8,214
ARRA Build America Bonds	34,000	34,000	34,209	209
Medical Assistance	40,000	40,000	-	(40,000)
Title XIX	2,100	2,100	3,890	1,790
	<u>1,070,697</u>	<u>1,070,697</u>	<u>1,298,980</u>	<u>228,283</u>
Total Revenues from Federal Sources				
	<u>1,070,697</u>	<u>1,070,697</u>	<u>1,298,980</u>	<u>228,283</u>
Total Revenues	<u>21,809,299</u>	<u>21,809,299</u>	<u>23,498,133</u>	<u>1,688,834</u>
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	2,195,484	2,195,484	2,478,194	(282,710)
Employee Benefits	1,547,497	1,547,497	1,607,897	(60,400)
Purchased Prof. and Tech. Services	1,200	1,200	-	1,200
Other Purchased Services	6,849,446	6,849,446	6,909,573	(60,127)
Supplies	72,312	72,312	124,330	(52,018)
	<u>10,665,939</u>	<u>10,665,939</u>	<u>11,119,994</u>	<u>(454,055)</u>
Total Regular Programs				
	<u>10,665,939</u>	<u>10,665,939</u>	<u>11,119,994</u>	<u>(454,055)</u>
Special Programs				
Personal Services				
Salaries	698,918	698,918	668,983	29,935
Employee Benefits	406,911	406,911	375,883	31,028
Purchased Prof. and Tech. Services	585,000	585,000	762,052	(177,052)
Other Purchased Services	2,050,872	2,050,872	2,104,856	(53,984)
Supplies	1,000	1,000	1,598	(598)
	<u>3,742,701</u>	<u>3,742,701</u>	<u>3,913,372</u>	<u>(170,671)</u>
Total Special Programs				
	<u>3,742,701</u>	<u>3,742,701</u>	<u>3,913,372</u>	<u>(170,671)</u>

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Vocational Education Programs				
Other Purchased Services	163,000	163,000	96,483	66,517
Other Instructional Programs				
Personal Services				
Salaries	8,000	8,000	6,000	2,000
Employee Benefits	3,324	3,324	2,534	790
Purchased Prof. and Tech. Services	17,000	17,000	-	17,000
Other Purchased Services	3,500	3,500	150,592	(147,092)
Total Other Instructional Programs	31,824	31,824	159,126	(127,302)
Nonpublic School Programs				
Purchased Prof. and Tech. Services	12,500	12,500	6,035	6,465
Total Instruction	14,615,964	14,615,964	15,295,010	(679,046)
Support Services				
Pupil Personnel				
Personal Services				
Salaries	444,721	444,721	606,175	(161,454)
Employee Benefits	342,847	342,847	387,773	(44,926)
Purchased Prof. and Tech. Services	82,500	82,500	68,222	14,278
Supplies	33,500	33,500	31,705	1,795
Other Objects	500	500	3,818	(3,318)
Total Pupil Personnel	904,068	904,068	1,097,693	(193,625)
Instructional Staff				
Personal Services				
Salaries	457,769	457,769	477,976	(20,207)
Employee Benefits	306,952	306,952	341,207	(34,255)
Purchased Prof. and Tech. Services	5,000	5,000	15,142	(10,142)
Supplies	250	250	215	35
Other Objects	1,200	1,200	200	1,000
Total Instructional Staff	771,171	771,171	834,740	(63,569)

**Duquesne City 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	443,612	443,612	321,854	121,758
Employee Benefits	294,222	294,222	209,608	84,614
Purchased Prof. and Tech. Services	160,000	160,000	205,962	(45,962)
Other Purchased Services	13,250	13,250	4,775	8,475
Supplies	20,900	20,900	36,863	(15,963)
Other Objects	17,750	17,750	15,825	1,925
	<u>949,734</u>	<u>949,734</u>	<u>794,887</u>	<u>154,847</u>
Total Administration				
Pupil Health				
Personal Services				
Salaries	60,256	60,256	60,766	(510)
Employee Benefits	35,394	35,394	34,769	625
Purchased Prof. and Tech. Services	10,000	10,000	6,399	3,601
Purchased Property Services	200	200	-	200
Supplies	1,200	1,200	1,102	98
	<u>107,050</u>	<u>107,050</u>	<u>103,036</u>	<u>4,014</u>
Total Pupil Health				
Business				
Personal Services				
Salaries	155,786	155,786	119,318	36,468
Employee Benefits	99,845	99,845	63,334	36,511
Purchased Prof. and Tech. Services	47,500	47,500	67,214	(19,714)
Purchased Property Services	6,050	6,050	2,638	3,412
Other Purchased Services	4,000	4,000	3,903	97
Supplies	16,000	16,000	11,965	4,035
Other Objects	11,000	11,000	11,392	(392)
	<u>340,181</u>	<u>340,181</u>	<u>279,764</u>	<u>60,417</u>
Total Business				

**Duquesne City 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	421,090	421,090	371,060	50,030
Employee Benefits	275,630	275,630	297,788	(22,158)
Purchased Prof. and Tech. Services	135,800	135,800	143,907	(8,107)
Purchased Property Services	81,700	81,700	52,387	29,313
Other Purchased Services	101,650	101,650	109,396	(7,746)
Supplies	236,000	236,000	324,907	(88,907)
Other Objects	-	-	180	(180)
	<u>1,251,870</u>	<u>1,251,870</u>	<u>1,299,625</u>	<u>(47,755)</u>
 Total Oper. and Maint. of Plant Svcs.				
	<u>1,251,870</u>	<u>1,251,870</u>	<u>1,299,625</u>	<u>(47,755)</u>
 Student Transportation Services				
Other Purchased Services	<u>1,545,000</u>	<u>1,545,000</u>	<u>1,298,019</u>	<u>246,981</u>
 Central				
Personal Services				
Salaries	120,856	120,856	94,145	26,711
Employee Benefits	106,941	106,941	50,953	55,988
Purchased Prof. and Tech. Services	20,000	20,000	19,590	410
Purchased Property Services	33,772	33,772	48,358	(14,586)
Other Purchased Services	14,520	14,520	13,433	1,087
Supplies	31,985	31,985	35,633	(3,648)
	<u>328,074</u>	<u>328,074</u>	<u>262,112</u>	<u>65,962</u>
 Total Central				
	<u>328,074</u>	<u>328,074</u>	<u>262,112</u>	<u>65,962</u>
 Other				
Other Purchased Services	<u>2,820</u>	<u>2,820</u>	<u>2,815</u>	<u>5</u>
 Total Support Services				
	<u>6,199,968</u>	<u>6,199,968</u>	<u>5,972,691</u>	<u>227,277</u>

**Duquesne City 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		
Student Activities				
Personal Services				
Salaries	66,636	66,636	52,562	14,074
Employee Benefits	40,978	40,978	31,965	9,013
Purchased Prof. and Tech. Services	3,000	3,000	1,698	1,302
Purchased Property Services	2,000	2,000	-	2,000
Other Purchased Services	6,000	6,000	4,439	1,561
Supplies	5,000	5,000	2,671	2,329
Other Objects	500	500	590	(90)
Total Student Activities	<u>124,114</u>	<u>124,114</u>	<u>93,925</u>	<u>30,189</u>
Community Services				
Purchased Prof. and Tech. Services	59,500	59,500	-	59,500
Purchased Property Services	10,500	10,500	-	10,500
Other Purchased Services	-	-	52,485	(52,485)
Supplies	-	-	1,026	(1,026)
Total Community Services	<u>70,000</u>	<u>70,000</u>	<u>53,511</u>	<u>16,489</u>
Total Noninstructional Services	<u>194,114</u>	<u>194,114</u>	<u>147,436</u>	<u>46,678</u>
Facilities Acquisition, Construction and Improvement Services				
Purchased Property Services	60,000	60,000	65,136	(5,136)
Debt Service				
Interest	305,891	305,891	308,333	(2,442)
Refunds of Prior Year's Receipts	-	-	117,846	(117,846)
Redemption of Principal	762,001	762,001	776,356	(14,355)
Total Debt Service	<u>1,067,892</u>	<u>1,067,892</u>	<u>1,202,535</u>	<u>(134,643)</u>

**Duquesne City 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		
Total Expenditures	<u>22,137,938</u>	<u>22,137,938</u>	<u>22,682,808</u>	<u>(544,870)</u>
Net Change in Fund Balance	(328,639)	(328,639)	815,325	1,143,964
Fund Balance - July 1, 2024	<u>2,820,000</u>	<u>2,820,000</u>	<u>4,227,762</u>	<u>1,407,762</u>
Fund Balance - June 30, 2025	<u>\$ 2,491,361</u>	<u>\$ 2,491,361</u>	<u>\$ 5,043,087</u>	<u>\$ 2,551,726</u>

Duquesne City 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).

Duquesne City 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	\$ 76,432	\$ 76,439	\$ 123,025	\$ 155,347	\$ 112,821	\$ 96,960	\$ 91,539	\$ 90,904	\$ -
Service cost	49,586	48,753	35,376	32,528	48,862	35,018	34,014	25,889	-
Interest	(3,649)	13,242	(374,909)	(16,115)	185,883	(39,610)	(50)	(560)	-
Change of Assumptions	-	(5,376)	-	(276,140)	-	262,551	-	-	-
Change of benefit terms	-	(42,688)	-	42,303	-	(29,094)	-	-	-
Difference between Expected and Actual Experience	(102,302)	(76,611)	(100,802)	(105,272)	(83,905)	(37,292)	(48,744)	(94,855)	-
Benefit payments	20,067	13,759	(317,310)	(167,349)	263,661	288,533	76,759	21,378	-
Net Change in Total OPEB Liability	1,179,621	1,165,862	1,483,172	1,650,521	1,386,860	1,098,327	1,021,568	1,000,190	-
Total OPEB Liability - Beginning	\$ 1,199,688	\$ 1,179,621	\$ 1,165,862	\$ 1,483,172	\$ 1,650,521	\$ 1,386,860	\$ 1,098,327	\$ 1,021,568	\$ 1,000,190
Total OPEB Liability - Ending	\$ 4,842,756	\$ 4,842,756	\$ 4,526,030	\$ 4,526,030	\$ 4,403,334	\$ 4,403,334	\$ 4,014,611	\$ 4,014,611	N/A
Covered-Employee Payroll	24.77%	24.36%	25.76%	32.77%	37.48%	31.50%	27.36%	25.45%	N/A

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%

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.

**Duquesne City 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	\$ 1,685,413	\$ 1,906,534	\$ 1,801,921	\$ 1,569,682	\$ 1,412,132	\$ 1,564,386	\$ 1,448,931	\$ 1,344,394	\$ 1,207,399	\$ 972,461
Contributions in Relation to the Contractually Required Contribution	1,685,413	1,906,534	1,801,921	1,569,682	1,412,132	1,564,386	1,448,931	1,344,394	1,207,399	972,461
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Districts Covered Payroll	\$ 5,164,383	\$ 5,758,206	\$ 5,356,877	\$ 4,630,705	\$ 4,190,205	\$ 4,705,033	\$ 4,448,353	\$ 4,274,263	\$ 4,200,057	\$ 3,978,391
Contributions as a Percentage of Covered Payroll	32.64%	33.11%	33.64%	33.90%	33.70%	33.25%	32.57%	31.45%	28.75%	24.44%

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.

**Duquesne City 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)	0.0361%	0.0346%	0.0314%	0.0295%	0.0335%	0.0323%	0.0317%	0.0315%	0.0306%	0.0285%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,110	\$ 15,392	\$ 13,960	\$ 12,112	\$ 16,495	\$ 15,111	\$ 15,218	\$ 15,557	\$ 15,164	\$ 12,345
School District's Covered Payroll	\$ 5,758	\$ 5,357	\$ 4,631	\$ 4,190	\$ 4,705	\$ 4,448	\$ 4,274	\$ 4,200	\$ 3,978	\$ 3,677
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	262.42%	287.32%	301.45%	289.07%	350.58%	339.73%	356.06%	370.40%	381.20%	335.74%
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%

Duquesne City 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	\$ 32,536	\$ 37,163	\$ 39,915	\$ 37,015	\$ 34,617	\$ 39,628	\$ 37,512	\$ 35,443
Contributions in Relation to the Contractually Required Contribution	<u>32,536</u>	<u>37,163</u>	<u>39,915</u>	<u>37,015</u>	<u>34,617</u>	<u>39,628</u>	<u>37,512</u>	<u>35,443</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	\$ 5,164,383	\$ 5,758,578	\$ 5,356,877	\$ 4,630,705	\$ 4,190,205	\$ 4,705,033	\$ 4,448,353	\$ 4,274,263
Contributions as a Percentage of Covered Payroll	0.63%	0.65%	0.75%	0.80%	0.82%	0.84%	0.84%	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.

Duquesne City 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)	0.0363%	0.0350%	0.0315%	0.0296%	0.0335%	0.0323%	0.0317%	0.0315%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 645	\$ 633	\$ 580	\$ 701	\$ 724	\$ 687	\$ 661	\$ 642
School District's Covered Payroll	\$ 5,758	\$ 5,357	\$ 4,631	\$ 4,190	\$ 4,705	\$ 4,448	\$ 4,274	\$ 4,200
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	11.20%	11.82%	12.52%	16.73%	15.39%	15.45%	15.47%	15.29%
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

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

Members of the Board
Duquesne City School District
Duquesne, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Duquesne City 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 21, 2026

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

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
Duquesne City School District
Duquesne, 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 Duquesne City School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Duquesne City School District's basic financial statements, and have issued our report thereon dated January 21, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Duquesne City 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 Duquesne City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Duquesne City 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 Duquesne City 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 21, 2026

HOSACK, SPECHT, MUETZEL & WOOD LLP
CERTIFIED PUBLIC ACCOUNTANTS
2 PENN CENTER WEST, SUITE 326
PITTSBURGH, PENNSYLVANIA 15276
PHONE - 412-343-9200
FAX - 412-343-9209
HSMW@HSMWCPA.COM
WWW.HSMWCPA.COM

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
Duquesne City School District
Duquesne, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Duquesne City 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 Duquesne City School District's major federal programs for the year ended June 30, 2025. Duquesne City 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, Duquesne City 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 Duquesne City 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 Duquesne City 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 Duquesne City 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 Duquesne City 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 Duquesne City 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 Duquesne City 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 Duquesne City 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 Duquesne City 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 21, 2026

Duquesne City School District
Schedule of Findings and Questioned Costs
June 30, 2025

EXHIBIT C

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report was unmodified.

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
84.010	Title I

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

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

**Duquesne City 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.

**Duquesne City 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	013-250124	07/01/24-09/30/25	\$ 861,892	\$ 574,595	\$ -	\$ 861,892	\$ 861,892	\$ 287,297
Title I Improving Basic Programs	I	84.010	013-240124	07/01/23-09/30/24	871,974	137,060	124,683	12,377	12,377	-
Title I Improving Basic Programs	I	84.010	013-230124	07/01/22-09/30/23	764,019	9,484	9,484	-	-	-
						721,139	134,167	874,269	874,269	287,297
Title II Improving Teacher Quality	I	84.367	020-250124	07/01/24-09/30/25	54,210	28,912	-	54,210	54,210	25,298
Title II Improving Teacher Quality	I	84.367	020-240124	07/01/23-09/30/24	60,061	(2,137)	(2,137)	-	-	-
						26,775	(2,137)	54,210	54,210	25,298
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-250124	07/01/24-09/30/25	65,667	17,511	-	64,564	64,564	47,053
Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	I	84.425U	223-210124	03/13/20-09/30/24	4,819,220	1,139,088	1,139,088	-	-	-
Elementary and Secondary School Emergency Relief Fund (ARP ESSER 7%)	I	84.425U	225-210124	03/13/20-09/30/24	374,562	70,785	62,571	8,214	8,214	-
						1,209,873	1,201,659	8,214	8,214	-
Special Education Cluster Passed through the Allegheny Intermediate Unit										
IDEA B	I	84.027	062-250003	07/01/24-09/30/25	130,870	-	-	130,870	130,870	130,870
IDEA B	I	84.027	062-240003	07/01/23-09/30/24	143,241	85,039	85,039	-	-	-
IDEA B	I	84.173	131-240003	07/01/24-06/30/25	1,210	-	-	1,210	1,210	1,210
IDEA B Section 619	I	84.173	131-230003	07/01/23-06/30/24	1,116	1,116	1,116	-	-	-
						86,155	86,155	132,080	132,080	132,080
Subtotal Special Education Cluster						2,061,453	1,419,844	1,133,337	1,133,337	491,728
Subtotal U.S. Department of Education										

**Duquesne City 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 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	4,205	315	3,890	3,890	-
Passed through the Pennsylvania Department of Health through the Allegheny County Health Department and to the Allegheny Intermediate Unit Covid-19 ELC Cooperative Agreement	I	93.323	N/A	07/01/24-06/30/25	N/A	148,259	-	148,259	148,259	-
Total U.S. Dept. Of Health & Human Services						95,780	-	111,365	111,365	15,585
U.S. Department of the Treasury Passed through the Pennsylvania Commission on Crime & Delinquency School Mental Health	I	21.027	2023-CM-01-43162	07/01/24-06/30/25	111,365					
U.S. Department of Agriculture Passed through the Pennsylvania Department of Education National School Lunch Program National School Breakfast Program Fresh Fruit and Vegetable Program	I I I	10.555 10.553 10.582	N/A N/A N/A	07/01/24-06/30/25 07/01/24-06/30/25 07/01/24-06/30/25	N/A N/A N/A	283,688 146,547 27,469	33,321 16,847 4,719	295,545 153,570 24,709	295,545 153,570 24,709	45,178 23,870 1,959
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	21,912	(3,317)	21,757	21,757	(3,472)
Total Child Nutrition Cluster and U.S. Dept. of Agriculture						479,616	51,570	495,581	495,581	67,535
Total Federal Financial Assistance						\$ 2,789,313	\$ 1,471,729	\$ 1,892,432	\$ 1,892,432	\$ 574,848

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Duquesne City 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 Duquesne City 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 Duquesne City School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Duquesne City 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) Duquesne City 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	\$2,789,313
Less: Commodities Received	(21,912)
Less: Passage Through AIU	(234,414)
Less: Passage Through PCCD	(95,780)
Less: Medical Assistance - Admin	(4,205)
Add: State Funding on Confirmation	<u>28,946</u>
 Per Subsidy Confirmation	 <u><u>\$2,461,948</u></u>

Note E - Subrecipients

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

**Duquesne City School District
List of Report Distribution
June 30, 2025**

EXHIBIT E

1 Copy – Bureau of Audits

1 Copy – General Services Administration