



Ridgway Area School District

Single Audit

Year Ended June 30, 2025

MaherDuessel

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RIDGWAY AREA SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2025

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Independent Auditor's Report

**Board of Directors
Ridgway Area School District**

Report on the Audit of the Financial Statements

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 Ridgway Area School District (School District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the 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 the 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 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 the 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 the 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The 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 supplementary information 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 23, 2026 on our consideration of the 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 the 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 the School District's internal control over financial reporting and compliance.

Mahe Duessel

Pittsburgh, Pennsylvania
January 23, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Ridgway Area School District (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2025. This discussion and analysis should be read in conjunction with the School District's accompanying financial statement, which immediately follows this section.

Financial Highlights

- The assets and deferred outflows of the School District fell below its liabilities and deferred inflows at the close of the most recent fiscal year by (\$3,387,135) (net position).
- The School District's total net position increased by \$1,034,325. The increase is primarily driven by the School District's proportionate share of the net pension and OPEB liability of the Public School Employees Retirement System (PSERS).
- As of the close of the current year, the School District's governmental funds reported combined ending fund balance of \$2,415,022, an increase of \$349,522 in comparison with the prior year. \$345,530 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$345,530 or 2.1 percent of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements (pages 1 - 3) are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and

charges (business-type activities). The governmental activities of the School District include all of the School Board's services including instruction, support services, maintenance and transportation. The business-type activities of the School District consist of the food service program.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term-financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School District maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of these funds.

The School District adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4 - 7 of this report.

Proprietary funds. The School District has one enterprise fund (a type of proprietary fund) to account for its food service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 8 - 10 of this report.

Fiduciary funds. The School District is the trustee, or fiduciary, for its student activity funds and various scholarship funds. All of the School District's fiduciary activities are reported on pages 11 - 12. We exclude these activities from the government-wide financial statements because the School District cannot use these assets to finance its operations.

Notes to the financial statement. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 to 45 of this report.

Government-wide Financial Analysis

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Current and other assets	4,241,978	4,550,890	518,933	560,052	4,760,911	5,110,942
Capital assets	20,210,339	19,741,400	61,049	96,115	20,271,388	19,837,515
Total Assets	24,452,317	24,292,290	579,982	656,167	25,032,299	24,948,457
Deferred Outflows	3,994,170	3,114,692	0	0	3,994,170	3,114,692
Total Assets and Deferred Outflows	28,446,487	27,406,982	579,982	656,167	29,026,469	28,063,149
Current liabilities	2,234,724	2,260,388	23,017	20,724	2,257,741	2,281,112
Long Term liabilities Outstanding	29,116,500	27,320,904	0	0	29,116,500	27,320,904
Deferred Inflows	2,073,688	1,848,268	0	0	2,073,688	1,848,268
Total Liabilities and Deferred Inflows	33,424,912	31,429,560	23,017	20,724	33,447,929	31,450,284
Net Position:						
Net investment in capital assets	11,335,156	11,259,283	61,049	96,115	11,396,205	11,355,398
Restricted						
Unrestricted	(16,313,581)	(15,281,861)	495,916	539,328	(15,817,665)	(14,742,533)
Total Net Position	(4,978,425)	(4,022,578)	556,965	635,443	(4,421,460)	(3,387,135)

A portion of the School District’s net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students; consequently, these assets are not available for future spending. The School District does currently have outstanding debt related to capital assets totaling \$8,482,117 related to the Guaranteed Energy Savings contract entered into in December 2021.

At the end of the current fiscal year, the School District reports a negative net position for the government as a whole and the separate governmental activities. The governmental activities have a deficit in unrestricted net position of (\$15,281,861) primarily driven by the School District’s proportionate share of the net pension and OPEB liability of the Public School Employees Retirement System (PSERS). The same situation was true for the prior fiscal year. The School District also entered into a Bond Agreement in 2022 that increased its exposure in Long-Term Liabilities by \$9,166,315.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2024	2025	2024	2025	2024	2025
Revenues:						
Program Revenues:						
Charges for service	33,128	30,974	96,952	73,444	130,080	104,418
Operating grants & contributions	4,436,554	4,939,290	580,618	593,326	5,017,172	5,532,616
Capital grants & Contributions		124,617				124,617
General Revenues:						
Property Taxes	3,856,720	3,950,574			3,856,720	3,950,574
Other taxes (OA,P/C, EIT, OPT)	1,328,898	1,503,304			1,328,898	1,503,304
Basic Education	5,771,222	5,891,180			5,771,222	5,891,180
Interest earnings	142,992	105,114			142,992	105,114
Other	162,716	251,300			162,716	251,300
Total Revenues	15,732,230	16,796,353	677,570	666,770	16,409,800	17,463,123
Expenses:						
Unallocated Depreciation	657,933	702,746			657,933	702,746
Instruction	9,648,741	9,812,504			9,648,741	9,812,504
Instructional Student support	1,436,652	1,359,063			1,436,652	1,359,063
Admin & financial Support services	1,233,426	1,280,565			1,233,426	1,280,565
Operation & maint. Of plant services	1,696,371	1,512,692			1,696,371	1,512,692
Student transportation	797,753	701,414			797,753	701,414
Student activities	248,086	224,201			248,086	224,201
Community services	17,765	16,395			17,765	16,395
Interest on long term debt	201,176	195,617			201,176	195,617
Other	34,962	35,309			34,962	35,309
Food service	0	0	530,136	588,292	530,136	588,292
Total Expenses	15,972,865	15,840,506	530,136	588,292	16,503,001	16,428,798
Increase (Decrease) in Net Position	(240,635)	955,847	147,434	78,478	(93,201)	1,034,325

Governmental activities. Governmental activities increased the School District's net position by \$955,847, thereby resulting in a 19.2% increase in net position of the School District. Key elements of this increase are attributed a 1.2 Mill increase to local real estate tax rate as well as additional increased funding from the State Budget as well as changes in the School Districts proportion share of the net pension and OPEB liability of the Public School Employees Retirement System (PSERS).

Business-type activities. Business-type activities increased the School District's net position by \$78,478. The increase is a result of increased participation in the school breakfast/lunch program. The partnership with Nutrition Inc. has allowed the District Food Service Department to become profitable by lower expenditures on staff and lower food costs as a result of their buying power. This increase is also a response to the higher reimbursement rates for severe need students.

Financial Analysis of the Governmental Funds

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

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 financial requirements. In particular, unassigned fund balances 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 year, the School District's governmental funds reported combined ending fund balances of \$2,415,022, an increase of \$349,522 in comparison to the prior year. Of this total amount, \$345,530 constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of the fund balance is restricted, committed or assigned to indicate that it's not available for new spending because it has already been committed including \$1,750,000 for future retirement costs and \$319,492 for capital reserve.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$345,530 while total fund balance reached \$2,095,530. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 2.12 percent of total General Fund expenditures, while total fund balance represents 12.84 percent of that same amount.

The fund balance of the School District's General Fund increased by \$346,851 during the current fiscal year.

Proprietary funds. The School District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Food Service Fund at the end of the year amounted to \$635,443. The total increase in net position was \$78,478. Other factors concerning this fund have already been addressed in the discussion of the School District's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were minor as a percentage of total expenditures.

Fluctuations between original budget and actual revenue/costs are as follows:

- Actual revenues were approximately \$1,065,667 over budget which was due in part to receipt of an increase in earned income tax as a result of a strong jobs economy, an 1.2 Mill increase local real estate taxes, higher than anticipated state funding, as well as investment income coming in higher than anticipated,

- Actual costs were approximately \$734,557 over budget. There were several factors that contributed to the higher costs: an increase in the number of cyber students as well as outside placements. Overall costs were up as a result of economic changes.

Capital Asset and Debt Administration

Capital assets. The School District's net investment in capital assets for its governmental and business type activities as of June 30, 2025, amounts to \$11,355,398 most of which is attributed to the upgrades of the sports complex equipment as well as four new heating/AC units at the Elementary Campus.

Economic Factors and Next Year's Budgets and Rates

The School District continues to monitor cost increases closely. We continue to battle with the increased costs of special education, specialized transportation, health insurance, outside placements and cyber charter expenses. While the legislature did approve some level of changes in the cyber tuition calculation this will result in a small amount of savings for the district.

A new transportation agreement was negotiated beginning with the 25/26 school year. This contract will result in an increase in costs in the first year by approximately 52%, this will have a significant impact on our expenditures.

A new teacher contract was negotiated and begins with the 25/26 school year also, the budgeted amount of salary increases was 2.0%, with the final agreement the salary increase for 25/26 was 2.6% which will result in a higher than budgeted salary cost as well as PSERS retirement for that group. Insurance copays were increased annually over the life of the contract resulting in some savings to the district. HSA/HRA contributions were lowered over the life of the contract which will also result in some savings to the district. The cost of sick day payout for retirements increased from \$40/day to \$70/day this could have a negative impact on our budgeting.

All Administrative contracts were also approved for 25/26 and those numbers came in higher than the budgeted 2% as well, which will result in higher expenditures on both salary and PSERS retirement.

In early 2026 we will begin negotiations with our service personnel group, the outcome of those discussions could have an impact on the 26/27 budget as well dependent upon final adoption.

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Ridgway Area School District, P.O Box 447, Ridgway, PA; ATTN: Business Administrator.

RIDGWAY AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 447,083	\$ 96,949	\$ 544,032
Investments	1,863,077	436,568	2,299,645
Taxes receivable, net	529,317	-	529,317
Intergovernmental receivables	1,702,408	14,225	1,716,633
Other receivables	9,005	2,000	11,005
Inventories	-	10,310	10,310
Capital assets:			
Non-depreciable	112,436	-	112,436
Depreciable, net of accumulated depreciation	19,628,964	96,115	19,725,079
Total Assets	24,292,290	656,167	24,948,457
Deferred Outflows of Resources			
Deferred outflows of resources for pension	2,913,327	-	2,913,327
Deferred outflows of resources for OPEBs	201,365	-	201,365
Total Deferred Outflows of Resources	3,114,692	-	3,114,692
Liabilities			
Accounts payable	336,761	20,724	357,485
Accrued salaries and benefits	1,389,617	-	1,389,617
Accrued interest payable	85,104	-	85,104
Bonds payable - current portion	390,000	-	390,000
Compensated absences - current portion	58,906	-	58,906
Noncurrent liabilities:			
Bonds payable, net	8,092,117	-	8,092,117
Compensated absences	494,044	-	494,044
Net pension liability	17,454,000	-	17,454,000
Net OPEB liability	1,280,743	-	1,280,743
Total Liabilities	29,581,292	20,724	29,602,016
Deferred Inflows of Resources			
Deferred inflows of resources for pension	1,130,000	-	1,130,000
Deferred inflows of resources for OPEBs	718,268	-	718,268
Total Deferred Inflows of Resources	1,848,268	-	1,848,268
Net Position			
Net investment in capital assets	11,259,283	96,115	11,355,398
Unrestricted	(15,281,861)	539,328	(14,742,533)
Total Net Position	\$ (4,022,578)	\$ 635,443	\$ (3,387,135)

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

RIDGWAY AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instructional services:							
Regular instruction	\$ 7,261,408	\$ -	\$ 2,272,326	\$ 124,617	\$ (4,864,465)	\$ -	\$ (4,864,465)
Special instruction	2,549,299	-	1,293,507	-	(1,255,792)	-	(1,255,792)
Vocational instruction	1,797	-	15,771	-	13,974	-	13,974
Total instructional services	9,812,504	-	3,581,604	124,617	(6,106,283)	-	(6,106,283)
Support services:							
Pupil personnel	663,166	-	83,753	-	(579,413)	-	(579,413)
Instructional staff	439,805	-	26,697	-	(413,108)	-	(413,108)
Administration	882,606	-	123,673	-	(758,933)	-	(758,933)
Pupil health	256,092	-	34,017	-	(222,075)	-	(222,075)
Business	397,959	-	35,416	-	(362,543)	-	(362,543)
Operation and maintenance of plant services	1,512,692	-	327,427	-	(1,185,265)	-	(1,185,265)
Student transportation services	701,414	-	697,003	-	(4,411)	-	(4,411)
Other support services	35,309	-	18,212	-	(17,097)	-	(17,097)
Total support services	4,889,043	-	1,346,198	-	(3,542,845)	-	(3,542,845)
Noninstructional services:							
Student activities	224,201	30,974	11,488	-	(181,739)	-	(181,739)
Community services	16,395	-	-	-	(16,395)	-	(16,395)
Unallocated expenses - excluding direct expenses reported as a function above:							
Interest on long-term debt	195,617	-	-	-	(195,617)	-	(195,617)
Unallocated depreciation	702,746	-	-	-	(702,746)	-	(702,746)
Total noninstructional services	1,138,959	30,974	11,488	-	(1,096,497)	-	(1,096,497)
Total governmental activities	15,840,506	30,974	4,939,290	124,617	(10,745,625)	-	(10,745,625)

(Continued)

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

RIDGWAY AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

(Continued)

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food services	588,292	73,444	593,326	-	-	78,478	78,478
Total Primary Government	\$ 16,428,798	\$ 104,418	\$ 5,532,616	\$ 124,617	(10,745,625)	78,478	(10,667,147)
General revenues:							
Taxes:							
Property taxes				3,950,574	-		3,950,574
Earned income tax				1,151,278	-		1,151,278
Other taxes				352,026	-		352,026
Basic education				5,891,180	-		5,891,180
Investment earnings				105,114	-		105,114
Miscellaneous income				251,300	-		251,300
Total general revenues				<u>11,701,472</u>	<u>-</u>		<u>11,701,472</u>
Change in Net Position				955,847	78,478		1,034,325
Net Position:							
Beginning of year				<u>(4,978,425)</u>	<u>556,965</u>		<u>(4,421,460)</u>
End of year				<u>\$ (4,022,578)</u>	<u>\$ 635,443</u>		<u>\$ (3,387,135)</u>

(Concluded)

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

RIDGWAY AREA SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2025

	General Fund	Non-Major Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 447,083	\$ -	\$ 447,083
Investments	1,805,504	57,573	1,863,077
Taxes receivable	529,317	-	529,317
Due from other funds	-	261,919	261,919
Intergovernmental receivables	1,702,408	-	1,702,408
Other receivables	9,005	-	9,005
Total Assets	\$ 4,493,317	\$ 319,492	\$ 4,812,809
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Due to other funds	\$ 261,919	\$ -	\$ 261,919
Accounts payable	336,761	-	336,761
Accrued salaries and benefits	1,389,617	-	1,389,617
Total Liabilities	1,988,297	-	1,988,297
Deferred Inflows of Resources:			
Unavailable revenue - taxes	409,490	-	409,490
Fund Balance:			
Committed	1,750,000	319,492	2,069,492
Unassigned	345,530	-	345,530
Total Fund Balance	2,095,530	319,492	2,415,022
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,493,317	\$ 319,492	\$ 4,812,809

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

RIDGWAY AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2025

Total Fund Balance - Governmental Funds		\$ 2,415,022
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		19,741,400
<p>Delinquent taxes receivable will be collected next year, but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.</p>		409,490
<p>Employee benefits, including compensated absences, pension, and other post-employment benefits are recorded on the fund financial statements when payment is due, whereas these amounts are recorded when the benefit is earned on the government-wide financial statements. These assets, deferred outflows of resources, (liabilities), and (deferred inflows of resources) at year-end consist of:</p>		
Net pension liability and related components	\$ (15,670,673)	
Other post-employment benefits and related components	(1,797,646)	
Compensated absences	(552,950)	(18,021,269)
<p>Long-term liabilities, including notes and bonds payable, are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:</p>		
Bonds payable, net	(8,482,117)	
Accrued interest on debt	(85,104)	(8,567,221)
Total Net Position - Governmental Activities		\$ (4,022,578)

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

RIDGWAY AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

	General Fund	Formerly Major Fund Capital Projects	Non-Major Governmental Funds	Total
Revenues:				
Local sources	\$ 6,215,011	\$ -	\$ 2,804	\$ 6,217,815
State sources	10,332,335	-	-	10,332,335
Federal sources	122,121	-	-	122,121
Total revenues	16,669,467	-	2,804	16,672,271
Expenditures:				
Instructional services:				
Regular programs	7,672,988	-	-	7,672,988
Special programs	2,643,125	-	-	2,643,125
Vocation programs	1,797	-	-	1,797
Support services:				
Pupil personnel	707,256	-	-	707,256
Instructional staff	451,008	-	-	451,008
Administration	946,381	-	-	946,381
Pupil health	277,604	-	-	277,604
Business office	412,820	-	-	412,820
Operation and maintenance of plant	1,629,841	-	-	1,629,841
Transportation	701,414	-	-	701,414
Other support services	35,309	-	-	35,309
Non-instructional services:				
Student activities	229,021	-	-	229,021
Community services	16,395	-	-	16,395
Debt service	591,850	-	-	591,850
Total expenditures	16,316,809	-	-	16,316,809
Excess (Deficiency) of Revenues Over Expenditures	352,658	-	2,804	355,462
Other Financing Sources (Uses):				
Transfers out		-	(133)	(133)
Transfers in	133	-	-	133
Budgetary reserve	(5,940)			(5,940)
Total other financing sources (uses)	(5,807)	-	(133)	(5,940)
Net Change in Fund Balance	346,851	-	2,671	349,522
Fund Balance:				
Beginning of year, as previously presented	1,748,679	-	316,821	2,065,500
Change within financial reporting entity (major to nonmajor fund)	-	-	-	-
Beginning of year, as adjusted	1,748,679	-	316,821	2,065,500
End of year	\$ 2,095,530	\$ -	\$ 319,492	\$ 2,415,022

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

RIDGWAY AREA SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

Net Change in Fund Balance - Governmental Funds \$ 349,522

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between capital outlays and depreciation expense in the current period. In addition, the net effect of various transactions involving capital assets (i.e., sales, dispositions, trade-ins) is to increase net position.

	Capital outlays	\$ 233,807	
	Less: depreciation expense	(702,746)	(468,939)

Some taxes will not be collected until after year-end; they are not considered "available" revenues in the governmental funds. Unavailable revenue changed by this amount during the year. (535)

The government funds report proceeds from long-term obligations as other financing sources, while repayment of long-term obligations is reposted as an expenditure. Also, governmental funds report the effect of original issue discounts, premiums, and deferred charges on refunding when the long-term obligation is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of long-term obligations and interest is as follows:

	Principal payments on debt	380,000	
	Amortization of discounts/premiums	13,066	
	Accrued interest on long-term obligations	3,167	396,233

In the statement of activities, certain operating expenses (compensated absences, other postemployment benefits, and pension benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used and/or funded. This amount represents the difference between the amount earned versus the amount used and/or funded.

Change in Net Position of Governmental Activities \$ 955,847

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

RIDGWAY AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUND

JUNE 30, 2025

	<u>Enterprise Fund Food Service</u>
Assets:	
<hr/>	
Current assets:	
Cash and cash equivalents	\$ 96,949
Investments	436,568
Accounts receivable	14,225
Other receivables	2,000
Inventories	10,310
	<hr/>
Total current assets	560,052
	<hr/>
Non-current assets:	
Capital assets, being depreciated	96,115
	<hr/>
Total Assets	656,167
	<hr/>
Liabilities:	
<hr/>	
Current liabilities:	
Accounts payable	20,724
	<hr/>
Total Liabilities	20,724
	<hr/>
Net Position:	
<hr/>	
Net investment in capital assets	96,115
Unrestricted	539,328
	<hr/>
Total Net Position	\$ 635,443
	<hr/> <hr/>

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

RIDGWAY AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

YEAR ENDED JUNE 30, 2025

	<u>Enterprise Fund</u> <u>Food Service</u>
Operating Revenues:	
<hr/>	
Food service revenue	\$ 50,667
Special function sales	22,777
	<hr/>
Total operating revenues	73,444
	<hr/>
Operating Expenses:	
<hr/>	
Food and supplies	29,882
Contracted services	533,907
Depreciation	13,807
Repairs and maintenance	10,696
	<hr/>
Total operating expenses	588,292
	<hr/>
Net Operating Income (Loss)	(514,848)
	<hr/>
Non-Operating Revenues (Expenses):	
<hr/>	
Local sources - earnings on investments	17,137
State sources	37,280
Federal sources	538,909
	<hr/>
Total non-operating revenues (expenses)	593,326
	<hr/>
Change in Net Position	78,478
	<hr/>
Net Position:	
<hr/>	
Beginning of year	556,965
	<hr/>
End of year	\$ 635,443
	<hr/> <hr/>

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

RIDGWAY AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUND

YEAR ENDED JUNE 30, 2025

	Enterprise Fund Food Service
Cash Flows From Operating Activities:	
Cash received from users	\$ 80,358
Cash payments to suppliers for goods and services	(550,634)
Net cash provided by (used in) operating activities	(470,276)
Cash Flows From Noncapital Financing Activities:	
State subsidies	37,280
Federal subsidies	554,525
Net cash provided by (used in) noncapital financing activities	591,805
Cash Flows From Capital and Related Financing Activities:	
Purchases of capital assets	(48,873)
Earnings on investments	17,137
Net cash provided by (used in) noncapital financing activities	(31,736)
Cash Flows From Investing Activities:	
Purchases of investments	(52,099)
Net Increase (Decrease) in Cash and Cash Equivalents	37,694
Cash and Cash Equivalents:	
Beginning of year	59,255
End of year	\$ 96,949
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Net operating income (loss)	\$ (514,848)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	13,807
Donated commodities	29,152
Change in:	
Accounts receivable	6,914
Inventories	(3,008)
Accounts payable	(2,293)
Net cash provided by (used in) operating activities	\$ (470,276)
Non-Cash, Non-Capital Financing Transactions:	
The Food Service Fund received donated commodities from the Department of Agriculture in the amount of \$29,152 during the year.	

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

RIDGWAY AREA SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

JUNE 30, 2025

	Scholarship Fund	Student Activity Fund
<hr/> Assets <hr/>		
Cash and cash equivalents	\$ 6,425	\$ 101,873
	<hr/>	<hr/>
<hr/> Liabilities and Net Position <hr/>		
Liabilities	\$ -	\$ -
	<hr/>	<hr/>
Net Position:		
<hr/>		
Restricted for:		
Student scholarships	6,425	-
Student activities	-	101,873
	<hr/>	<hr/>
Total Liabilities and Net Position	\$ 6,425	\$ 101,873
	<hr/>	<hr/>

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

RIDGWAY AREA SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND

YEAR ENDED JUNE 30, 2025

	Scholarship Fund	Student Activity Fund
Additions:		
<hr/>		
Student contributions	\$ -	\$ 110,033
Interest earnings	423	-
	<hr/>	<hr/>
Total additions	423	110,033
	<hr/>	<hr/>
Deductions:		
<hr/>		
Scholarships and other disbursements	140	-
Student programs	-	95,152
	<hr/>	<hr/>
Total deductions	140	95,152
	<hr/>	<hr/>
Change in Net Position	283	14,881
Net Position:		
<hr/>		
Beginning of year	6,142	86,992
	<hr/>	<hr/>
End of year	\$ 6,425	\$ 101,873
	<hr/> <hr/>	<hr/> <hr/>

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

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

1. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conforms to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity

Ridgway Area School District (School District) is governed by an elected nine-member Board of Directors (Board). A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, capital reserve, food service, and student-related activities of the School District.

In evaluating the School District as a primary government, management has addressed all potential component units. Component units are to be included within the financial reporting entity of the School District based upon the significance of their operational or financial relationships with the School District. No potential component units meet the criteria for inclusion in the School District reporting entity.

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 the School District. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the School District's enterprise fund. Separate financial statements are provided for

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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 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.

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the School District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The School District reports the following major governmental fund:

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

The School District reports the following non-major governmental funds:

The *Capital Reserve Fund* sets aside resources for future major purchases and construction projects.

The *Capital Projects Fund* is used to account for all resources for the construction and acquisition of capital facilities and equipment by the School District.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

The School District reports the following major enterprise fund:

The *Food Service Fund* accounts for the revenues, food purchases, and other costs and expenses for providing meals to students and/or faculty.

Additionally, the School District reports the following fiduciary funds:

The *Scholarship Fund* is a private purpose trust fund that was established to account for resources received for the purpose of issuing scholarships to students. All resources of the fund, including any earnings on invested resources, may be used for scholarships. There is no requirement that any portion of these resources be preserved as capital.

The *Student Activity Fund* is a custodial fund that represents the School District's student activity funds. This fund accounts for student activities in the high school and elementary school.

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds or advances to/from other funds. While these balances are reported in the 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 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.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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 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 School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, post-employment healthcare benefits, pension obligations, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under financed purchases are reported as other financing sources.

Property taxes, intergovernmental revenues, investment income, rent, and certain miscellaneous revenues associated with the current fiscal period are all 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. State and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

are considered to be measurable and available only when cash is received by the government.

The Scholarship and Student Activities funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's proprietary fund are charges to customers for the sale of food. Operating expenses for its proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

For all financial statements, when both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Change within the Financial Reporting Entity

During 2025, the Capital Projects Fund was reclassified from a major to a nonmajor governmental fund due to a significant decrease in activity. As the Capital Projects fund did not have a fund balance as of June 30, 2024, the conversion to a nonmajor fund did not require adjustments to the beginning balance of the financial reporting entities.

Cash and Cash Equivalents

The School District's cash and cash equivalents are considered to be cash on hand and short-term investments with original maturities of three months or less from the date of acquisition. The fair values of the funds approximate cost.

Intergovernmental Receivables

Amounts due from other governments represent receivables for state and federal funding, the majority of which is passed through the Pennsylvania Department of Education.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

Fair Value Measurement

The School District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Currently, the School District does not have any investments which require categorization.

Inventory

Materials, supplies, and food commodities of the proprietary fund are recorded at the latest invoice cost and are subsequently charged to expenditures when consumed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods. The School District follows the purchase method of accounting for prepaid items and recognizes the expenditure at the time of purchase.

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 \$1,500. Donated capital assets are recorded at estimated acquisition 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 governmental funds is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

School buildings	50 years
Building improvements	50 years
Land improvements	20 years
Vehicles	8 years
Equipment	10-20 years
Computer hardware and copiers	5 years

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated straight-line over estimated useful lives of five to ten years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net 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 a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. In addition to deferred inflows related to pensions and OPEBS, as further described below, the School District has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred Inflows and Outflows of Resources Related to Pensions and OPEBS

In conjunction with pension and OPEB accounting requirements, differences between expected and actual experience, changes in assumptions, the effect of the change in the School District's proportion, the net difference between expected and actual investment earnings, and payments made to the plans subsequent to the measurement date are recorded as a deferred inflow or outflow of resources related to pensions or OPEBs on the government-wide financial statements. These amounts are determined based on actuarial valuations performed for each plan. Notes 7 through 9 present additional information about the School District's pension and OPEB plans.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

Compensated Absences

The School District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to employees) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government wide and proprietary fund financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation – The School District’s policy permits employees to accumulate earned by unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment.

Sick leave – The School District’s policy permits employees to accumulate earned but unused sick leave, which is eligible for payment at the agreed upon payout rate per day.

Long-Term Obligations

In the government-wide financial statements and proprietary fund type 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 deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium and discount.

Postemployment Benefits

In the government-wide financial statements, long-term liabilities related to postemployment benefits, including pensions and health insurance, are calculated based on actuarial valuations as described in Notes 7 through 9.

Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

Nonspendable – This category represents funds that are not in spendable form. The School District does not currently have nonspendable fund balance.

Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties.

Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board. Such commitment is made via a Board resolution and must be made prior to the end of the fiscal year. Removal of this commitment requires a Board resolution. This category includes funds committed for future retirement contributions of the School District and for capital projects.

Assigned – This category represents intentions of the School District to use the funds for specific purposes. The Board delegates the authority to assign amounts to be used for specific purposes to the Business Manager. This authority is granted solely for the purpose of reporting these amounts in the annual financial statements. The School District did not report assigned fund balance as of June 30, 2025.

Unassigned – This category represents all other funds not otherwise defined.

If funds are available in more than one fund balance level, the School District's policy is to use funds in the order of the most restrictive to the least restrictive.

Net Position

The government-wide and proprietary fund financial statements are required to report three components of net position:

Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets.

RIDGWAY AREA SCHOOL DISTRICT

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Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of “net investment in capital assets” or the “restricted” components of net position.

Budgets and Budgetary Accounting

As required by the School Laws of Pennsylvania, Public School Code of 1949, the School District adopts an annual budget for the General Fund. Included in the budget are all proposed expenditures for the fiscal year beginning July 1 and the sources of revenues to finance them.

The following procedures are followed to enact the budget:

1. The proposed budget is prepared and presented to the Board for preliminary approval during May.
2. Public Notice is published that budget is available for public inspection.
3. Final adoption of the budget by the Board is done by June 30th.
4. A copy of the final approved budget is required to be submitted to the Commonwealth of Pennsylvania, Department of Education.

The budget is adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. Once adopted, the budget can be amended during the final nine months of the fiscal year by approval of two-thirds of the majority Board. The School District exceeded certain budgetary appropriations in the regular programs, special programs, pupil personnel, instructional staff, pupil health, business office, operation and maintenance of plant, student activities, and community services categories. The excess was primarily covered by other favorable variances in revenue and fund balance from the prior year.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

Estimates

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

Adoption of Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements were adopted for the year ended June 30, 2025: Statement Nos. 101 (Compensated Absences) and 102 (Certain Risk Disclosures). These statements had no significant impact on the Organization's financial statements for the year ended June 30, 2025.

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 103 (Financial Reporting Model Improvements) and 104 (Disclosure of Certain Capital Assets). Management has not yet determined the impact of these statements on the financial statements.

2. Deposits and Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest funds consistent with sound business practices in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.

In March 2016, Act 10 was passed, which expanded the scope of investment options available to school districts, including repurchase agreements, commercial paper, negotiable certificates of deposit, and bankers' acceptances. The School District elected to maintain its current investment policy due to the additional risk and oversight associated with the expanded investment options under Act 10.

The deposit and investment policy of the School District adheres to state statutes and prudent business practices. Deposits are either maintained in demand deposits or savings accounts, certificates of deposit, or cash equivalents held by a Trustee of the School District. There were no deposits or investments made during the year, which violated either the state statutes or the policy of the School District.

Throughout the year ended June 30, 2025, the School District invested its funds only in one or more of the above-authorized investments. At June 30, 2025, the School District's deposits and investments were as follows:

	Bank Balance		Carrying Amount
	Deposits	PLGIT	
General Fund	\$ 1,290,089	\$ 1,043,607	\$ 2,252,587
Capital Reserve Fund	-	57,573	57,573
Proprietary Fund	40,995	436,568	533,517
Scholarship Fund	6,425	-	6,425
Student Activity Fund	101,873	-	101,873
	<u>\$ 1,439,382</u>	<u>\$ 1,537,748</u>	<u>\$ 2,951,975</u>

Included within the deposits noted above are \$761,296 of certificates of deposits and money market funds, which are considered investments for presentation on the statement of net position, government funds balance sheet, and fiduciary net position.

The following is a description of the School District's deposit and investment risks:

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District policy for custodial credit risk is that all accounts are insured to the maximum limit, as provided by law, and

RIDGWAY AREA SCHOOL DISTRICT

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amounts invested in excess of the insured amount must be collateralized as provided by law. As of June 30, 2025, \$2,130,586 of the School District's bank balance was exposed to custodial credit risk, of which the entire amount is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

Credit Risk. The risk that an issuer or another counterparty to an investment will not fulfill its obligations is called credit risk. The School District's policy in regard to credit risk authorizes the School District to make temporary investments of funds in U.S. Treasury Bills, to place such funds with institutions insured by the FDIC or the Federal Savings and Loan Insurance Corporation, or in certificates of deposits to the extent such certificates are secured by a proper bond or collateral. Investments in the Pennsylvania Local Government Investment Trust (PLGIT, described below) have received an AAAM rating from Standard & Poor's.

Interest Rate Risk. The School District's policy in regard to interest rate risk places limits on investment maturities as a means of managing its exposure to fair value losses arising from changes to interest rates. All of the School District's investments in PLGIT (described below) have a maturity of less than one year.

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

The School District's investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book-entry form. The fair value of the School District's position in the external investment pool is the same as the value of the pool shares. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania.

The School District can withdraw funds from the external investment pools; however, there are certain limitations placed on these withdrawals. For PLGIT-Class and PLGIT-Prime accounts, there is a one-day holding period.

As of June 30, 2025, the entire PLGIT carrying balance of \$1,538,349 is considered to be an investment for presentation on the statement of net position and the governmental fund balance sheet.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

3. Tax Revenue

Property Taxes

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by Elk County. The assessed value effective for the 2025 fiscal year was \$104,947,785 for Elk County. The School District's tax rate in the fiscal year 2025 was 42.6 mills. The tax calendar for real estate taxes levied for the fiscal year 2025 is as follows:

July 1	- tax levy date
Through August 31	- 2% discount period
Through October 31	- face payment period
Beginning November 1	- 10% penalty period
January 15	- lien filing date

Other Tax Revenues

In addition to real estate taxes, the School District imposes the following taxes:

Act 511 taxes:

Local services tax	\$	5.00
Real estate transfer tax		0.50%

Several of the Act 511 taxes are subject to apportionment with local municipalities that claim their respective 50% share.

The amount reported for taxes receivable on the statement of net position is comprised of real estate taxes totaling \$377,434 along with other taxes receivable totaling \$151,883.

4. Internal Balances

Internal balances consist of \$261,919 due to the Capital Reserve Fund from the General Fund for capital expenditures. In addition, internal transfers of \$133 consist of amounts from the Capital Projects Fund to the General Fund for capital expenditures.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

5. Capital Assets

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

	Balance at July 1, 2024	Additions	Deletions/ Transfers	Balance at June 30, 2025
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 112,436	\$ -	\$ -	\$ 112,436
Total capital assets, not being depreciated	112,436	-	-	112,436
Capital assets, being depreciated:				
Land improvements	660,472	-	-	660,472
Building and improvements	32,360,031	67,520	-	32,427,551
Equipment	3,354,621	166,287	-	3,520,908
Total capital assets, being depreciated	36,375,124	233,807	-	36,608,931
Less: accumulated depreciation for:				
Land improvements	(637,573)	(5,006)	-	(642,579)
Building and improvements	(12,725,122)	(530,787)	-	(13,255,909)
Equipment	(2,914,526)	(166,953)	-	(3,081,479)
Total accumulated depreciation	(16,277,221)	(702,746)	-	(16,979,967)
Governmental activities, capital assets, net	\$ 20,210,339	\$ (468,939)	\$ -	\$ 19,741,400
	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025
Business-Type Activities:				
Equipment	\$ 457,632	\$ 48,873	\$ -	\$ 506,505
Less: accumulated depreciation	(396,583)	(13,807)	-	(410,390)
Business-type activities capital assets, net	\$ 61,049	\$ 35,066	\$ -	\$ 96,115

Depreciation is not allocated across the functions.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

6. Long-Term Liabilities

Changes to the School District's long-term liabilities were as follows:

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025	Due Within One Year
General obligation bonds payable	\$ 8,640,000	\$ -	\$ (380,000)	\$ 8,260,000	\$ 390,000
Bond premium	235,183	-	(13,066)	222,117	-
Net pension liability	18,907,000	-	(1,453,000)	17,454,000	-
Net OPEB liability	1,260,677	20,066	-	1,280,743	-
Compensated absences	453,640	158,216	(58,906)	552,950	58,906
Total long-term liabilities	<u>\$ 29,496,500</u>	<u>\$ 178,282</u>	<u>\$ (1,904,972)</u>	<u>\$ 27,769,810</u>	<u>\$ 448,906</u>

General Obligation Bonds, Series of 2022 in the principal amount of \$8,905,000 were issued on February 24, 2022. Proceeds of the Series of 2022 bonds are to be used for capital projects. Interest of the Series of 2022 bonds vary from 2%-3% and the bonds mature in 2042.

The annual requirements of School District funds to amortize General Obligation Bonds outstanding as of June 30, 2025 are as follows:

June 30,	General Obligation Bonds		
	Principal	Interest	Total
2026	\$ 390,000	\$ 204,250	\$ 594,250
2027	400,000	197,450	597,450
2028	405,000	188,450	593,450
2029	415,000	180,350	595,350
2030	430,000	172,050	602,050
2031-2035	2,315,000	726,950	3,041,950
2036-2040	2,685,000	430,200	3,115,200
2041-2042	1,220,000	55,200	1,275,200
	<u>\$ 8,260,000</u>	<u>\$ 2,154,900</u>	<u>\$ 10,414,900</u>

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

7. Public School Employees' Retirement System (PSERS)

Plan Description

PSERS administers a governmental cost-sharing, multi-employer defined benefit pension plan (Pension Plan) and a governmental cost-sharing, multi-employer defined benefit Health Insurance Premium Assistance Program OPEB plan (Premium Assistance), to public school employees of the Commonwealth of Pennsylvania. In addition, PSERS administers the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by participants for the benefit coverage they elect. PSERS issues a publicly available financial report that can be obtained at www.pa.gov/PSERS.

Employees eligible for PSERS benefits 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.

Retirees who participate in the HOP or a Commonwealth public school employer-sponsored health insurance program are eligible for Premium Assistance if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age.

For Class DC members (as defined below) 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.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEBs, pension

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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expense, and OPEB expense, information about the fiduciary net position of 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. Detailed information about PSERS' fiduciary net position related to pension and OPEBs is available in the PSERS Annual Comprehensive Financial Report, which can be found on the PSERS website at www.pa.gov/PSERS.

The net pension liability and the net OPEB liability are recorded as governmental activities expected to be paid from the General Fund.

Benefits Provided – Pension Plan

Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one 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 through June 30, 2019. 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 three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and 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.

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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.

Act 5 of 2017 (Act 5) eliminated the stand-alone defined benefit plan, introduced a hybrid benefit, and introduced 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 three 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 Provided – Premium Assistance

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their eligible out-of-pocket monthly health insurance premium. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Member Contributions

The following illustrates the member's contribution as a percent of the member's qualifying compensation:

- Active members who joined PSERS prior to July 22, 1983:
 - Membership Class T-C 5.25%
 - Membership Class T-D 6.50%

- Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:
 - Membership Class T-C 6.25%
 - Membership Class T-D 7.50%

RIDGWAY AREA SCHOOL DISTRICT

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- Members who joined PSERS after June 30, 2001, and before July 1, 2011:
 - Membership Class T-D 7.50%

- Members who joined PSERS after June 30, 2011 and before June 30, 2019:
 - Membership Class T-E* 8.00%
 - Membership Class T-F* 10.80%

- Members who joined PSERS on or after July 1, 2019:
 - Membership Class T-G (hybrid)**9.00% (combined rate)
 - Membership Class T-H (hybrid)**8.25% (combined rate)
 - Defined Contribution only 7.50%

* Includes shared risk provision of +0.50% as of July 1, 2021.

** Includes shared risk provision of +0.75% as of July 1, 2021.

Employer Contributions

The School District's contractually required PSERS contribution rate for fiscal year ended June 30, 2025 was 33.90% 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. This rate is composed of a 32.92% rate for the Pension Plan, a 0.63% rate for the Premium Assistance, and a 0.35% rate for Act 5 Defined Contribution.

The combined rate for the fiscal year ended June 30, 2025 was a decrease from the fiscal year ended June 30, 2024 combined rate of 34.00%. The combined contribution rate will increase to 34.00% in fiscal year 2026 and is projected to grow to 38.51% by fiscal year 2033.

RIDGWAY AREA SCHOOL DISTRICT

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The School District remits contributions to PSERS on a quarterly basis. Approximately \$510,844 is owed to PSERS as of June 30, 2025, which represents the School District's required contribution for the end of year payroll. The School District's contributions which were recognized by PSERS for the year ended June 30, 2025 were as follows:

Pension Plan	\$	2,221,327
Act 5 Defined Contribution		23,617
Premium Assistance		<u>42,510</u>
Total	\$	<u><u>2,287,454</u></u>

In accordance with Act 29, the Commonwealth of Pennsylvania (Commonwealth) reimburses school districts for approximately one-half of contributions made to PSERS. The School District recorded reimbursements from the Commonwealth approximating \$1,491,301 during the current year. Because the Commonwealth payments are received as a reimbursement, and are not made directly to PSERS, they do not qualify as a special funding situation.

Proportionate Share

The School District's proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported contributions as it relates to PSERS' total one-year reported contributions. This method was changed beginning with PSERS' fiscal year ended June 30, 2020. In prior years, the proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2024 (measurement date), the School District's proportion was 0.0417%, which was a decrease of 0.0008% from its proportion measured as of June 30, 2023.

The School District's proportion of PSERS' net OPEB liability continues to be calculated utilizing the School District's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2024 (measurement date), the School District's proportion was 0.0415%, which was a decrease of 0.0008% from its proportion measured as of June 30, 2023.

RIDGWAY AREA SCHOOL DISTRICT

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8. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2025, the School District reported a liability of \$17,454,000 for its proportionate share of PSERS' 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 PSERS' total pension liability as of June 30, 2023 to June 30, 2024.

For the year ended June 30, 2025, the School District recognized pension expense of \$1,488,707.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 274,000
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	289,000	-
Changes in proportion	403,000	856,000
School District contributions subsequent to the measurement date	<u>2,221,327</u>	<u>-</u>
Total	<u>\$ 2,913,327</u>	<u>\$ 1,130,000</u>

RIDGWAY AREA SCHOOL DISTRICT

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\$2,221,327 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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:

<u>Year Ending June 30,</u>	
2026	\$ (445,000)
2027	74,000
2028	(9,000)
2029	<u>(58,000)</u>
Total	<u>\$ (438,000)</u>

Actuarial Assumptions

The actuarial valuation used for the June 30, 2024 measurement date contained the following methods and assumptions:

- Actuarial 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 2.50% for inflation and 2.00% for real wage growth and 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
- Experience study – July 1, 2015 through June 30, 2020

Changes in Assumptions

There were no changes in assumptions affecting the June 30, 2024 measurement date.

Changes in Benefit Terms

There were no changes in benefit terms affecting the June 30, 2024 measurement date.

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Pension Plan Investments

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public entity	30.00%	4.80%
Private equity	12.00%	6.70%
Fixed income	33.50%	3.90%
Commodities	5.00%	2.50%
Infrastructure	10.00%	6.40%
Real estate	9.50%	5.90%
	<u>100.00%</u>	

For PSERS' year ended June 30, 2024, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 8.08%.

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 the contributions from plan members will be made at the current contribution rate and that the contributions from employers will be made at contractually required rates, actuarially determined. Based on

RIDGWAY AREA SCHOOL DISTRICT

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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.

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

The following presents the School District’s proportionate share of PSERS’ net pension liability calculated using the discount rates described above, as well as what the School District’s proportionate share of PSERS’ net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of PSERS' net pension liability	\$ 22,992,000	\$ 17,454,000	\$ 12,777,000

9. Net OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The School District maintains two separate OPEB plans – the Premium Assistance previously described in Note 6 and the School District’s retiree plan (retiree plan) described below. At June 30, 2025, the School District reported a net OPEB liability composed of the following:

School District's proportionate share of PSERS' net OPEB liability	\$ 737,000
School District's total OPEB liability for its retiree plan	543,743
Net OPEB liability	\$ 1,280,743

PSERS’ net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate PSERS’ net OPEB liability was determined by rolling forward PSERS’ total OPEB liability as of June 30, 2023 to June 30, 2024. The School District’s retiree plan’s total OPEB

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liability was measured as of July 1, 2023, and the total OPEB liability used to calculate the retiree plan's total OPEB liability was determined by rolling forward the retiree plan's total OPEB liability as of July 1, 2023 to June 30, 2025.

For the year ended June 30, 2025, the School District recognized OPEB expense as follows:

OPEB expense related to PSERS		
Premium Assistance	\$	14,133
OPEB expense related to School		
District's retiree plan		<u>(5,132)</u>
Total OPEB expense	<u>\$</u>	<u>9,001</u>

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:	PSERS Premium Assistance	School District's Retiree Plan	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 3,000	\$ -	\$ 3,000
Changes in assumptions	45,000	56,108	101,108
Net difference between projected and actual earnings on OPEB plan investments	1,000	-	1,000
Changes in proportion	41,000	-	41,000
School District contributions subsequent to the measurement date	<u>42,510</u>	<u>12,747</u>	<u>55,257</u>
Total	<u>\$ 132,510</u>	<u>\$ 68,855</u>	<u>\$ 201,365</u>

Deferred Inflows of Resources:	PSERS Premium Assistance	School District's Retiree Plan	Total Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,000	\$ 188,194	\$ 199,194
Changes in assumptions	113,000	343,074	456,074
Changes in proportion	<u>63,000</u>	<u>-</u>	<u>63,000</u>
Total	<u>\$ 187,000</u>	<u>\$ 531,268</u>	<u>\$ 718,268</u>

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

\$55,257 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending 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:

	PSERS Premium Assistance	School District's Retiree Plan
<u>Year Ending June 30,</u>		
2026	\$ (24,000)	\$ (58,147)
2027	(23,000)	(58,147)
2028	(28,000)	(58,147)
2029	(16,000)	(58,148)
2030	(6,000)	(58,778)
Thereafter	-	(183,793)
Total	\$ (97,000)	\$ (475,160)

Additional Required Disclosures for PSERS Premium Assistance

Actuarial Assumptions

The actuarial valuation used for the June 30, 2024 measurement date contained the following methods and assumptions:

- Actuarial valuation date – June 30, 2023
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 4.21% - S&P 20-year Municipal Bond Rate
- Salary increases – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year
- Mortality rates were based 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

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

- Experience study – July 1, 2015 through June 30, 2020
- Participation rate –
 - Eligible retirees will elect to participate pre-age 65 at 50%
 - Eligible retirees will elect to participate post-age 65 at 70%.

Changes in Assumptions

The discount rate increased from 4.13% to 4.21% for the June 30, 2024 measurement date.

Changes in Benefit Terms

There were no changes in benefit terms affecting the June 30, 2024 measurement date.

OPEB Plan Investments

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 PSERS Board. Employer contribution rates are established to provide reserves in the Health Insurance Account that are sufficient for the payment of the Premium Assistance for each succeeding year. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.00%</u>	1.70%

For PSERS' year ended June 30, 2024, the annual money-weighted rate of return on the Premium Assistance plan investments, net of plan investment expenses, was 5.72%.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21%. Under the Premium Assistance plan's funding policy, contributions are structured for short-term funding of the Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of the 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 the 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. The discount rate used to measure the Total OPEB liability increased from 4.13% as of June 30, 2023 to 4.21% as of June 30, 2024.

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

The following presents the School District's proportionate share of PSERS' net OPEB liability calculated using the discount rates described above, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease (3.21%)</u>	<u>Current Discount Rate (4.21%)</u>	<u>1% Increase (5.21%)</u>
School District's proportionate share of PSERS' net OPEB liability	<u>\$ 833,000</u>	<u>\$ 737,000</u>	<u>\$ 657,000</u>

Sensitivity of the School District's Proportionate Share of PSERS' Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Healthcare cost trend rates 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. 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 the healthcare cost trends as depicted below.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

The following presents the School District's proportionate share of PSERS' net OPEB liability calculated using current healthcare cost trend rates as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
School District's proportionate share of PSERS' net OPEB liability	<u>\$ 737,000</u>	<u>\$ 737,000</u>	<u>\$ 737,000</u>

Additional Required Disclosures for the School District's Retiree Plan

Plan Description

The School District administers a single-employer defined benefit healthcare plan to provide additional postemployment benefits to eligible retirees (retiree plan). The School District has not accumulated assets for the retiree plan in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75; benefits are paid on a pay-as-you-go basis.

Benefits Provided

The benefit limits and employee and employer contributions are established through employee contracts and past practices. Details of the benefits provided are as follows:

Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Coverage: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. Coverage is paid entirely by the employee.

Contributions: In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

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

Inactive employees currently receiving benefit payments	3
Active employees	<u>111</u>
	<u><u>114</u></u>

Actuarial Assumptions

The total OPEB liability was determined as of the July 1, 2023 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal
- Discount rate – 4.29%, based on S&P Municipal Bond 20-Year High Grade Rate Index
- Salary increases: composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 0% to 2.75%
- Assumed healthcare cost trends: 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.5% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
- Mortality – PubT-2010 headcount-weighted using Scale MP-2021.
- Participation rates – 50% of employees are assumed to elect coverage. Spouses paying the full premium are assumed to cease coverage upon attainment of Medicare age.

Changes in Assumptions

The discount rate changed from 4.13% to 4.29%. The trend assumption was updated.

Changes in Benefit Terms

No changes in benefit terms.

Changes in the Total OPEB Liability

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

The changes in the total OPEB liability for the School District's retiree plan for the year ended June 30, 2025 were as follows:

Total OPEB liability, July 1, 2024	\$	495,677
Changes for the year:		
Service cost		31,364
Interest on the total OPEB liability		21,651
Changes of assumptions		224
Benefit payments		(5,173)
		(5,173)
Total OPEB liability, June 30, 2025	\$	543,743

Sensitivity of the School District's Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase 5.29%
School District's total OPEB liability	\$ 585,062	\$ 543,743	\$ 504,858

Sensitivity of the School District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Current Trend	1% Increase
School District's total OPEB liability	\$ 482,260	\$ 543,743	\$ 616,191

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

10. Commitments and Contingencies

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

The School District maintains insurance through independent insurance carriers for all types of business losses. Settlement claims for these risks have not materially exceeded commercial insurance coverage for the past three years. Management believes the insurance coverage is sufficient to cover the School District against potential losses.

11. Health Consortium

The School District participants in a multiple employer trust for self-insuring hospitalization expenses. The insurance trust is a public entity risk pool operated for the benefit of individual governmental units located within the Seneca Highlands Intermediate Unit Nine. The plan provides health coverage for its members and all claims are paid from the total premiums contributed by the members of the consortium. The trust makes monthly premium payments to its program administrator who pays claims submitted. Monthly premiums are based on claims paid experience provided by the administrator, plus a premium stabilization. Excess claims over premiums are funded from the insurance trust's reserve, while premiums in excess of the claims are refunded to the insurance trust. At this time, the School District has no plans on withdrawing from the Consortium. Should the Consortium dissolve, any fund balances remaining after liabilities for health insurance services incurred are satisfied will be expended for the benefit of previous and most recent participants. The School District paid approximately \$2.4 million to the trust during fiscal year 2025.

**REQUIRED SUPPLEMENTARY
INFORMATION**

RIDGWAY AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF PSERS' NET PENSION LIABILITY

Last 10 Fiscal Years¹

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School District's proportion of PSERS' net pension liability	0.0417%	0.0425%	0.0452%	0.0417%	0.0425%	0.0417%	0.0431%	0.0451%	0.0467%	0.0458%
School District's proportionate share of PSERS' net pension liability	\$ 17,454,000	\$ 18,907,000	\$ 20,095,000	\$ 17,121,000	\$ 20,927,000	\$ 19,508,000	\$ 20,690,000	\$ 22,274,000	\$ 23,143,000	\$ 19,839,000
School District's covered payroll	\$ 6,619,472	\$ 6,556,665	\$ 6,631,994	\$ 5,899,735	\$ 5,955,400	\$ 5,753,060	\$ 5,802,067	\$ 6,002,535	\$ 6,044,399	\$ 5,889,647
School District's proportionate share of PSERS' net pension liability as a percentage of its covered payroll	263.6800%	288.3600%	303.0009%	290.1995%	355.1478%	339.0891%	356.5971%	371.0766%	382.8834%	336.8453%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

¹ The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year.

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PENSION PLAN

Last 10 Fiscal Years²

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contributions recognized by PSERS	\$ 2,221,327	\$ 2,126,707	\$ 2,227,401	\$ 2,080,416	\$ 2,057,891	\$ 1,995,002	\$ 1,705,009	\$ 1,789,859	\$ 1,646,774	\$ 1,461,597
School District's covered payroll	\$ 6,669,421	\$ 6,619,472	\$ 6,556,665	\$ 6,440,087	\$ 6,169,450	\$ 5,892,476	\$ 5,707,716	\$ 5,802,067	\$ 6,002,535	\$ 6,044,399
Contributions as a percentage of covered payroll	33.31%	32.13%	33.97%	32.30%	33.36%	33.86%	29.87%	30.85%	27.43%	24.18%

² The amounts presented for each fiscal year were determined as of the fiscal year-end date.

See accompanying notes to required supplementary information.

RIDGWAY AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE
SHARE OF PSERS' NET OPEB LIABILITY

Last 10 Fiscal Years¹

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's proportion of PSERS' net OPEB liability	0.0415%	0.0423%	0.0451%	0.0416%	0.0424%	0.0417%	0.0431%	0.0451%
School District's proportionate share of PSERS' net OPEB liability	\$ 737,000	\$ 765,000	\$ 830,000	\$ 986,000	\$ 916,000	\$ 887,000	\$ 899,000	\$ 919,000
School District's covered payroll	\$ 6,589,488	\$ 6,484,025	\$ 6,631,994	\$ 5,899,735	\$ 5,955,400	\$ 5,753,060	\$ 5,802,067	\$ 6,002,535
School District's proportionate share of PSERS' net OPEB liability as a percentage of its covered payroll	11.1845%	11.7982%	12.5151%	16.7126%	15.3810%	15.4179%	15.4945%	15.3102%
PSERS' plan fiduciary net position as a percentage of PSERS' total OPEB liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

¹The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PREMIUM ASSISTANCE

Last 10 Fiscal Years²

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contributions recognized by PSERS	\$ 42,510	\$ 41,133	\$ 48,690	\$ 48,965	\$ 50,357	\$ 50,234	\$ 43,410	\$ 46,752
School District's covered payroll	\$ 6,669,421	\$ 6,619,472	\$ 6,556,665	\$ 6,440,087	\$ 6,169,450	\$ 5,892,476	\$ 5,707,716	\$ 5,802,067
Contributions as a percentage of covered payroll	0.64%	0.62%	0.74%	0.76%	0.82%	0.85%	0.76%	0.81%

²The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

RIDGWAY AREA SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY FOR ITS RETIREE PLAN

Last 10 Fiscal Years¹

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service cost	\$ 31,364	\$ 38,937	\$ 61,709	\$ 59,851	\$ 44,156	\$ 65,721	\$ 62,400	\$ 63,494
Interest	21,651	25,908	18,817	16,681	24,606	28,269	28,284	21,411
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between actual and expected experience	-	(21,342)	-	(113,079)	-	(190,051)	-	-
Changes of assumptions	224	(138,792)	(228,593)	(23,911)	91,540	(73,990)	(7,277)	7,511
Benefit payments	(5,173)	(17,935)	(14,502)	(11,002)	(12,082)	(39,564)	(44,316)	(51,409)
Net Changes in Total OPEB Liability	48,066	(113,224)	(162,569)	(71,460)	148,220	(209,615)	39,091	41,007
Total OPEB Liability - Beginning	495,677	608,901	771,470	842,930	694,710	904,325	865,234	824,227
Total OPEB Liability - Ending	\$ 543,743	\$ 495,677	\$ 608,901	\$ 771,470	\$ 842,930	\$ 694,710	\$ 904,325	\$ 865,234

¹ The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

RIDGWAY AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED JUNE 30, 2025

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
Real estate tax	\$ 3,993,889	\$ 3,993,889	\$ 3,906,008	\$ (87,881)
Public utility realty tax	6,000	6,000	4,619	(1,381)
Earned income tax	951,875	951,875	1,151,278	199,403
Occupation tax	50,000	50,000	22,262	(27,738)
Local services tax	15,000	15,000	15,102	102
Real estate transfer tax	45,000	45,000	81,296	36,296
Payment in lieu of taxes	127,000	127,000	251,009	124,009
Total taxes	5,188,764	5,188,764	5,431,574	242,810
Local sources:				
Interest income	75,000	75,000	102,310	27,310
Athletics and other fees	24,000	24,000	30,974	6,974
Revenue from Riverview I.U. #6:				
IDEA - federal funds	290,000	290,000	376,014	86,014
Contributions from private sources	1,500	1,500	23,567	22,067
Other local sources	176,399	176,399	250,572	74,173
Total local sources	566,899	566,899	783,437	216,538
State sources:				
Basic instructional subsidy	6,077,757	6,077,757	5,891,180	(186,577)
Tuition-court placed/institutional children	-	-	-	-
Vocational education	-	-	15,771	15,771
Driver education	-	-	-	-
Special education	792,373	792,373	836,493	44,120
Transportation	600,000	600,000	697,003	97,003
Health services funding	-	-	18,019	18,019
School safety and security	98,470	98,470	202,001	103,531
Property tax reduction	534,154	534,154	534,154	-
Ready to Learn Grant	159,261	159,261	323,994	164,733
Additional education program revenues	-	-	193	193
Social Security tax reimbursement	258,517	258,517	322,226	63,709
Retirement reimbursement	1,217,605	1,217,605	1,491,301	273,696
Total state sources	9,738,137	9,738,137	10,332,335	594,198
Federal sources:				
Medical Assistance - Access	80,000	80,000	80,000	-
Medical Assistance - adm. Reimb.	30,000	30,000	13,774	(16,226)
ESSER/GEER	-	-	28,347	28,347
Total federal sources	260,000	260,000	122,121	(137,879)
Total revenues	15,753,800	15,753,800	16,669,467	915,667

(Continued)

See accompanying notes to required supplementary information.

RIDGWAY AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

YEAR ENDED JUNE 30, 2025
(Continued)

	Budget		Actual	Variance with Final Budget
	Original	Final		
Expenditures:				
Instruction:				
Regular programs	7,216,197	7,216,197	7,672,988	456,791
Special programs	2,579,551	2,579,551	2,643,125	63,574
Vocation programs	15,745	15,745	1,797	(13,948)
Other instructional programs	2,563	2,563	-	(2,563)
Total instruction	<u>9,814,056</u>	<u>9,814,056</u>	<u>10,317,910</u>	<u>503,854</u>
Support services:				
Pupil personnel	690,823	690,823	707,256	16,433
Instructional staff	425,727	425,727	451,008	25,281
Administration	959,315	959,315	946,381	(12,934)
Pupil health	222,067	222,067	277,604	55,537
Business office	376,522	376,522	412,820	36,298
Operation and maint. of plant	1,483,376	1,483,376	1,629,841	146,465
Transportation	743,413	743,413	701,414	(41,999)
Other support services	44,741	44,741	35,309	(9,432)
Total support services	<u>4,945,984</u>	<u>4,945,984</u>	<u>5,161,633</u>	<u>215,649</u>
Non-instructional services:				
Student activities	214,559	214,559	229,021	14,462
Community services	15,803	15,803	16,395	592
Total non-instructional services	<u>230,362</u>	<u>230,362</u>	<u>245,416</u>	<u>15,054</u>
Debt service	591,850	591,850	591,850	-
Total expenditures	<u>15,582,252</u>	<u>15,582,252</u>	<u>16,316,809</u>	<u>734,557</u>
Excess (Deficiency) of Revenues over Expenditures	<u>171,548</u>	<u>171,548</u>	<u>352,658</u>	<u>181,110</u>
Other Financing Sources (Uses):				
Transfers out	-	-	133	133
Budgetary reserve	28,622	28,622	(5,940)	(34,562)
Total Other Financing Sources (Uses)	<u>28,622</u>	<u>28,622</u>	<u>(5,807)</u>	<u>(34,429)</u>
Net Change in Fund Balance	<u>\$ 200,170</u>	<u>\$ 200,170</u>	346,851	<u>\$ 146,681</u>
Fund Balance - Beginning of Year			<u>1,748,679</u>	
Fund Balance - End of Year			<u>\$ 2,095,530</u>	

(Concluded)

See accompanying notes to required supplementary information.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

1. Budgetary Data

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at year-end. Expenditures exceeded budget for the year ended June 30, 2025. Overage was covered by excess revenues over budget and budgeted fund balance.

2. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 68 for the PSERS Pension Plan

School District Fiscal Year in Which NPL is Recorded	Corresponding Actuarial Valuation Date/ Measurement Date	Discount Rate	Mortality	Salary Increases	Benefit Changes	Actuarially Calculated Contribution Rate	School District Fiscal Year in Which Contribution Rate is Applied
6/30/2025	6/30/2024	7.00%	50% PubT-2010 and 50% PubG-2010	4.50%	None	32.96%	6/30/2026
6/30/2024	6/30/2023					32.92%	6/30/2025
6/30/2023	6/30/2022					33.09%	6/30/2024
6/30/2022	6/30/2021					34.31%	6/30/2023
6/30/2021	6/30/2020					33.99%	6/30/2022
6/30/2020	6/30/2019	7.25%	RP-2014, Scale MP-2015	5.00%	A new hybrid defined benefit/ defined contribution plan is applicable for new PSERS members on July 1, 2019 and thereafter	33.51%	6/30/2021
6/30/2019	6/30/2018				None	33.36%	6/30/2020
6/30/2018	6/30/2017				Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	32.60%	6/30/2019
6/30/2017	6/30/2016	7.50%	RP-2000	5.50%	None	31.74%	6/30/2018
6/30/2016	6/30/2015				None	29.20%	6/30/2017

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

3. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the PSERS Premium Assistance (OPEBs)

School District Fiscal Year in Which NOL is Recorded	Corresponding Actuarial Valuation Date/ Measurement Date	Discount Rate	Mortality	Salary Increases	Benefit Changes	Actuarially Calculated Contribution Rate	School District Fiscal Year in Which Contribution Rate is Applied
6/30/2025	6/30/2024	4.21%	50% PubT-2010 and 50% PubG-2010	4.50%	None	0.62%	6/30/2026
6/30/2024	6/30/2023	4.13%				0.63%	6/30/2025
6/30/2023	6/30/2022	4.09%				0.64%	6/30/2024
6/30/2022	6/30/2021	2.18%				0.75%	6/30/2023
6/30/2021	6/30/2020	2.66%	RP-2014, Scale MP-2015	5.00%		0.80%	6/30/2022
6/30/2020	6/30/2019	2.79%				0.82%	6/30/2021
6/30/2019	6/30/2018	2.98%				0.84%	6/30/2020
6/30/2018	6/30/2017	3.13%				0.83%	6/30/2019

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

4. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the Retiree OPEB Plan

The retiree plan is not administered through a trust and assets are not accumulated in a trust to pay related benefits.

School District Fiscal Year in Which NOL is Recorded	Corresponding Actuarial Valuation Date/ Measurement Date	Discount Rate	Mortality	Salary Increases	Benefit Changes
6/30/2025	7/1/2023	4.29%	PubT-2010 headcount-weighted using Scale MP-2021	2.5% cost of living adjustment, 1.5% real wage growth, and merit increases for teachers and administrators varying by age from 0-2.75%	None
6/30/2024	7/1/2023	4.13%	PubT-2010 headcount-weighted using Scale MP-2021	2.5% cost of living adjustment, 1.5% real wage growth, and merit increases for teachers and administrators varying by age from 0-2.75%	None
6/30/2023	7/1/2021	4.06%	Buck Modified 2016 projection scale	2.5% cost of living adjustment, 1% real wage growth, and merit increases for teachers and administrators varying by age from 0-2.75%	None
6/30/2022	7/1/2021	2.28%	Buck Modified 2016 projection scale	2.5% cost of living adjustment, 1% real wage growth, and merit increases for teachers and administrators varying by age from 0-2.75%	None
6/30/2021	7/1/2019	1.86%	Buck Modified 2016 projection scale	2.5% cost of living adjustment, 1% real wage growth, and merit increases for teachers and administrators varying by age from 0-2.75%	None
6/30/2020	7/1/2019	3.36%	Buck Modified 2016 projection scale	2.5% cost of living adjustment, 1% real wage growth, and merit increases for teachers and administrators varying by age from 0-2.75%	None
6/30/2019	7/1/2017	2.98%	Buck Modified 2016 projection scale	2.5% cost of living adjustment, 1% real wage growth, and merit increases for teachers and administrators varying by age from 0-2.75%	None
6/30/2018	7/1/2017	2.98%	Buck Modified 2016 projection scale	2.5% cost of living adjustment, 1% real wage growth, and merit increases for teachers and administrators varying by age from 0-2.75%	None

SUPPLEMENTARY INFORMATION

RIDGWAY AREA SCHOOL DISTRICT

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2025

	Capital Reserve Fund	Capital Projects Fund	Total
Assets			
Investments	\$ 57,573	\$ -	\$ 57,573
Due from other funds	261,919	-	261,919
Total Assets	\$ 319,492	\$ -	\$ 319,492
Liabilities and Fund Balance			
Liabilities	\$ -	\$ -	\$ -
Fund Balance:			
Committed	319,492	-	319,492
Total Liabilities and Fund Balance	\$ 319,492	\$ -	\$ 319,492

RIDGWAY AREA SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

	Capital Reserve Fund	Capital Projects Fund	Total
Revenues:			
Local sources	\$ 2,671	\$ 133	\$ 2,804
Expenditures	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	2,671	133	2,804
Other Financing Sources (Uses):			
Transfers out	-	(133)	(133)
Net Change in Fund Balance	2,671	-	2,671
Fund Balance:			
Beginning of year, as previously presented	316,821	-	316,821
Change within financial reporting entity (major to nonmajor fund)	-	-	-
Beginning of year, as adjusted	316,821	-	316,821
End of year	\$ 319,492	\$ -	\$ 319,492

RIDGWAY AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor / Pass-Through Grantor / Project Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2025	Passed Through to Subrecipients
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education:										
School Breakfast Program	10.553	n/a	7/1/24-6/30/25	n/a	\$ 127,487	\$ -	\$ 127,487	\$ 127,487	\$ -	\$ -
Passed through the Pennsylvania Department of Education:										
National School Lunch Program	10.555	n/a	7/1/23-6/30/24	n/a	55,333	55,333	-	-	-	-
National School Lunch Program	10.555	n/a	7/1/24-6/30/25	n/a	368,464	-	382,270	382,270	13,806	-
Passed through the Pennsylvania Department of Agriculture:										
National School Lunch Program (Food Donation)	10.555	n/a	7/1/24-6/30/25	n/a	29,152	(6,288)	29,152	29,152	(6,288)	-
Total National School Lunch Program					452,949	49,045	411,422	411,422	7,518	-
Total Child Nutrition Cluster					580,436	49,045	538,909	538,909	7,518	-
Total U.S. Department of Agriculture					580,436	49,045	538,909	538,909	7,518	-
U.S. Department of Treasury										
Passed through the Pennsylvania Commission on Crime and Delinquency:										
Coronavirus State and Local Fiscal Recovery Funds	21.027	43331	7/1/24-12/31/25	109,759	104,759	-	91,957	91,957	(12,802)	-
Total U.S. Department of Treasury					104,759	-	91,957	91,957	(12,802)	-
U.S. Department of Education										
Passed through Seneca Highlands Intermediate Unit:										
Title I Grants to Local Educational Agencies	84.010	FA-013-24-0509 A	7/1/23-9/30/24	183,627	175,427	175,427	-	-	-	-
Title I Grants to Local Educational Agencies	84.010	FA-013-25-0509 A	7/1/24-9/30/25	184,156	-	-	184,156	184,156	184,156	-
Total Title I Grants to Local Educational Agencies					175,427	175,427	184,156	184,156	184,156	-
Student Support and Academic Enrichment Program										
Student Support and Academic Enrichment Program	84.424	FA 144-24-0509 A	7/1/23-9/30/24	12,043	12,043	12,043	-	-	-	-
Student Support and Academic Enrichment Program	84.424	FA 144-25-0509 A	7/1/24-9/30/25	15,102	-	-	15,102	15,102	15,102	-
Total Student Support and Academic Enrichment Program					12,043	12,043	15,102	15,102	15,102	-
Special Education Preschool Grants										
Special Education Preschool Grants	84.173	FA-131-24-0009	7/1/23-6/30/24	4,565	4,565	4,565	-	-	-	-
Special Education Preschool Grants	84.173	FA-131-25-0009	7/1/24-6/30/25	2,835	2,835	-	2,835	2,835	-	-
Total Special Education Preschool Grants					7,400	4,565	2,835	2,835	-	-
Special Education Grants to States										
Special Education Grants to States	84.027	FA 062-25-0009	7/1/24-6/30/25	136,810	69,177	-	136,810	136,810	67,633	-
Total Special Education Cluster (IDEA)					76,577	4,565	139,645	139,645	67,633	-
Passed through Seneca Highlands Intermediate Unit:										
Supporting Effective Instruction State Grants (Formerly Improving Teach Quality State Grants)	84.367	FA-020-24-0509 B	7/1/23-9/30/24	30,198	30,198	30,198	-	-	-	-
Supporting Effective Instruction State Grants (Formerly Improving Teach Quality State Grants)	84.367	FA-020-25-0509 B	7/1/24-9/30/25	37,111	-	-	37,111	37,111	37,111	-
Total Supporting Effective Instruction State Grants					30,198	30,198	37,111	37,111	37,111	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

RIDGWAY AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025
(Continued)

<u>Federal Grantor / Pass-Through Grantor / Project Title</u>	Federal Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2025	Passed Through to Subrecipients
Passed through the Pennsylvania Department of Education: COVID-19 Education Stabilization Fund	84.425U	FA-225-21-0360	3/13/20-9/30/24	139,572	28,347	-	28,347	28,347	-	-
Total Education Stabilization Fund					28,347	-	28,347	28,347	-	-
Total U.S. Department of Education					322,592	222,233	404,361	404,361	304,002	-
<u>U.S. Department of Health and Human Services</u>										
Passed through the Pennsylvania Department of Human Services: Grants to States for Medicaid - Medicaid Cluster	93.778	n/a	10/1/24-6/30/25	n/a	18,761	4,987	13,774	13,774	-	-
Total U.S. Department of Health and Human Services and Medicaid Cluster					18,761	4,987	13,774	13,774	-	-
Total Expenditures of Federal Awards					\$ 1,026,548	\$ 276,265	\$ 1,049,001	\$ 1,049,001	\$ 298,718	\$ -

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

RIDGWAY AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Ridgway Area School District (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 the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

2. Summary of Significant Accounting Policies

The accompanying Schedule is presented using the modified accrual basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Ridgway Area School District

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended June 30, 2025

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*

**Board of Directors
Ridgway Area School District**

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 Ridgway Area School District (School District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated January 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Board of Directors
Ridgway Area School District
Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Mahe Duessel

Pittsburgh, Pennsylvania
January 23, 2026

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Ridgway Area School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ridgway Area School District (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 the School District’s major federal programs for the year ended June 30, 2025. The 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, the 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

Board of Directors
Ridgway Area School District
Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance

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.

Maher Duessel

Pittsburgh, Pennsylvania
January 23, 2026

RIDGWAY AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2025

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?
 yes none reported

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?
 yes none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

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

7. Major Programs:

Federal ALN(s)

Name of Federal Program or Cluster

10.553, 10.555

Child Nutrition Cluster

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

9. Auditee qualified as low-risk auditee? yes no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

III. Findings and questioned costs for federal awards

No matters were reported.

RIDGWAY AREA SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2025

NONE