



OHIO AUDITOR OF STATE
KEITH FABER



**DANVILLE LOCAL SCHOOL DISTRICT
KNOX COUNTY
JUNE 30, 2025**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	14
Statement of Activities – Cash Basis	15
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis	
Governmental Funds	16
Statement of Cash Receipts, Disbursements and Changes in Fund Balances – Cash Basis	
Governmental Funds	17
Statement of Receipts, Disbursements and Changes in	
Fund Balance - Budget and Actual - Budget Basis	
General Fund	18
Notes to the Basic Financial Statements	19
Independent Auditor's Report on Internal Control Over	
Financial Reporting and on Compliance and Other Matters	
Required by <i>Government Auditing Standards</i>	47
Schedule of Findings	49
Prepared by Management:	
Summary Schedule of Prior Audit Findings	51

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INDEPENDENT AUDITOR'S REPORT

Danville Local School District
Knox County
405 South Market Street
Danville, Ohio 43014

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Danville Local School District, Knox County, Ohio (the 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 accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2025, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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.

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash-basis of accounting described in Note 2, and for determining that the cash-basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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 GAAS 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 GAAS 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.

Other Information

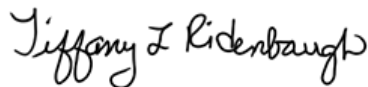
Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2026, on our consideration of the School District's internal control over financial reporting and 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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

February 20, 2026

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Danville Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

This discussion and analysis of the Danville Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025, within the limitations of the School District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Key highlights for fiscal year 2025 are as follows:

- The School District salary schedule increased 5 percent for teachers' salaries, administrators, non-certified and supplemental salaries for fiscal year 2025. The School District's health insurance costs are significant, even with employees paying 15-20 percent of the premium. Dental insurance premiums are shared by the Board and employees - 75 percent, and 25 percent respectively. The School District has an eyeglasses reimbursement program which allows for reimbursement of up to \$100 every two years. Starting in fiscal year 2021, vision insurance was offered to staff eligible at a cost of 100 percent to the staff member. Salaries and benefits were about 65 percent of general fund disbursements in fiscal year 2025.
- The majority of capital outlay purchases for the School District during the fiscal year 2025 were for design services for the high school building addition, and beginning phases for the safety and accessibility of the high school building.
- Combined utility costs for electric, water and natural gas rose significantly throughout fiscal year 2025. The School District is part of an agreement through Metropolitan Educational Technology Association (META) and American Electric Power and Energy to help contain the costs of electric and gas, however the School District is expecting increases again in Fiscal Year 2026.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the School District's government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Danville Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the School District as a Whole

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2025, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors as well, such as the School District's property tax base, the condition of the School District's capital assets, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Governmental Activities Most of the School District's basic services are reported here, including instruction, support services, food service operations and extracurricular activities. State and Federal grants and local property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Danville Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. The School District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the funds of the School District are governmental funds.

Governmental Funds All of the School District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the School District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the School District's programs. The School District's significant governmental funds are presented on the financial statements in a separate column. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The School District's major governmental funds are the general fund and the capital projects fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2025 compared to fiscal year 2024 on a cash basis.

	(Table 1)		
	Net Position		
	Governmental Activities		
	<u>2025</u>	<u>2024</u>	<u>Change</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$11,472,724</u>	<u>\$11,480,249</u>	<u>(\$7,525)</u>
Net Position			
Restricted	\$247,378	\$326,487	(\$79,109)
Unrestricted	<u>11,225,346</u>	<u>11,153,762</u>	<u>71,584</u>
Total Net Position	<u>\$11,472,724</u>	<u>\$11,480,249</u>	<u>(\$7,525)</u>

Net position of the governmental activities slightly decreased during fiscal year 2025 mainly due to a decrease in operating grants, contributions and interest receipts, as well as a decrease in charge for services and sales receipts. Operating grants, contribution and interest decreased from less Federal and State funding. Charge for services and sales decreased to a decrease in tuition and fees and rent collected. Disbursements increased in fiscal year 2025 mainly due to increases in instruction and capital outlay. Instruction increased due to increases in staff salaries. Capital outlay increased due to increased spending on high school building improvements.

Table 2 reflects the change in net position for fiscal years 2025 and 2024 on a cash basis.

Danville Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

(Table 2)
Changes in Net Position
Governmental Activities

	2025	2024	Change
Receipts			
<i>Program Receipts</i>			
Charges for Services and Sales	\$485,692	\$514,187	(\$28,495)
Operating Grants, Contributions and Interest	1,153,194	1,766,390	(613,196)
<i>Total Program Receipts</i>	1,638,886	2,280,577	(641,691)
<i>General Receipts</i>			
Property Taxes	2,426,833	2,209,012	217,821
Income Taxes	1,797,747	1,653,118	144,629
Grants and Entitlements Not Restricted to Specific Programs	5,729,600	5,522,937	206,663
Interest	582,404	513,546	68,858
Miscellaneous	29,025	35,860	(6,835)
<i>Total General Receipts</i>	10,565,609	9,934,473	631,136
<i>Total Receipts</i>	12,204,495	12,215,050	(10,555)
Disbursements			
Instruction:			
Regular	3,286,869	3,134,552	(152,317)
Special	1,651,009	1,416,869	(234,140)
Vocational	160,112	163,419	3,307
Student Intervention Services	5,987	2,701	(3,286)
Support Services:			
Pupil	828,100	841,439	13,339
Instructional Staff	495,562	465,313	(30,249)
Board of Education	35,223	34,835	(388)
Administration	884,322	805,545	(78,777)
Fiscal	367,308	326,824	(40,484)
Operation and Maintenance of Plant	919,649	1,241,422	321,773
Pupil Transportation	591,245	377,164	(214,081)
Central	25,597	31,761	6,164
Operation of Non-Instructional Services	420,971	401,039	(19,932)
Extracurricular Activities	477,199	571,510	94,311
Capital Outlay	2,062,867	750,737	(1,312,130)
Debt Service	0	164,200	164,200
<i>Total Disbursements</i>	12,212,020	10,729,330	(1,482,690)
Change in Net Position	(7,525)	1,485,720	(1,493,245)
Net Position Beginning of Year	11,480,249	9,994,529	1,485,720
Net Position End of Year	\$11,472,724	\$11,480,249	(\$7,525)

Danville Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Total program receipts are composed of charges for services and sales and operating grants, contributions and interest.

General receipts represent the majority of the School District's total governmental receipts, with the most significant being grants and entitlements not restricted to specific programs. The next largest portion is made up of local taxes, both property and income tax. Other receipts are less significant and somewhat unpredictable revenue sources.

The School District was responsible for providing educational services to 548 students. Instructional services are the largest cost to the School District. Regular educational disbursements were the majority of instructional services and special education costs were also a significant cost to the School District. The remainder of instructional costs are made up of vocational instruction and student intervention services.

The other large cost for the School District is support services. Support services is made up of many subsections which include cost for such items as busing, libraries, guidance, nursing services, building and grounds maintenance, administration, board of education, and fiscal. Additional disbursements are for food services, extracurricular activities, capital outlay and debt service.

Governmental Activities

If you look at the statement of activities on page 15, you will see that the first column lists the major services provided by the School District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for instruction and capital outlay. The next two columns of the statement entitled program receipts identify amounts paid by people who are directly charged for the service and grants received by the School District that must be used to provide a specific service. The net receipts (disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that ends up being paid from money provided by local taxpayers, State Foundation receipts and other miscellaneous sources. These net costs are paid from the general receipts, which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Danville Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

(Table 3)				
Governmental Activities				
	2025		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Disbursements				
Instruction:				
Regular	\$3,286,869	(\$3,110,953)	\$3,134,552	(\$2,711,854)
Special	1,651,009	(841,799)	1,416,869	(569,576)
Vocational	160,112	(135,115)	163,419	(132,243)
Student Intervention Services	5,987	(5,987)	2,701	(2,701)
Support Services:				
Pupil	828,100	(804,583)	841,439	(824,583)
Instructional Staff	495,562	(474,726)	465,313	(436,147)
Board of Education	35,223	(35,223)	34,835	(34,835)
Administration	884,322	(880,042)	805,545	(801,265)
Fiscal	367,308	(367,308)	326,824	(326,824)
Operation and Maintenance of Plant	919,649	(917,022)	1,241,422	(902,112)
Pupil Transportation	591,245	(591,245)	377,164	(377,164)
Central	25,597	(25,597)	31,761	(31,761)
Operation of Non-Instructional Services	420,971	(69,223)	401,039	(36,681)
Extracurricular Activities	477,199	(251,444)	571,510	(346,070)
Capital Outlay	2,062,867	(2,062,867)	750,737	(750,737)
Debt Service	0	0	164,200	(164,200)
<i>Total Disbursements</i>	<u>\$12,212,020</u>	<u>(\$10,573,134)</u>	<u>\$10,729,330</u>	<u>(\$8,448,753)</u>

The dependence upon property tax, income tax and grants and entitlements receipts is apparent as the total cost of services far exceeds the program receipts. The majority of governmental activities are supported through these general receipts.

The School District's Funds

Total governmental funds had a slight decrease in fund balance due to disbursements outpacing receipts. Disbursements increased primarily due to increases in instruction and support services salaries and benefits and capital outlay.

The general fund had a decrease in fund balance mainly due to the transfer of funds to the capital projects fund. The growth in receipts was primarily due to increases in intergovernmental, property taxes, income taxes and investment earnings/interest receipts. Intergovernmental receipts rose due to the change in State funding, and property taxes went up due to an increase in assessed values. Income taxes increased from growth in salaries in the community. Investment earnings/interest receipts increased due to rising interest rates. The increase in disbursements was primarily related to capital outlay and regular and special instruction. Capital outlay in fiscal year 2025 was mainly for design/engineering, elevator upgrades and a new fire alarm system. Regular and special instruction disbursements for the general fund rose due mainly to the increase in salaries and benefits discussed previously.

Danville Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During fiscal year 2025, the School District amended its general fund budget a few times to reflect changing circumstances. Final budgeted receipts were higher than original budgeted receipts due to increases in intergovernmental and tuition and fees receipts. Actual receipts were higher than final budgeted receipts primarily due to higher than anticipated income taxes and interest. Final budgeted disbursements were greater than original budgeted disbursements due mainly to increases in regular and special instruction as well as capital outlay. Actual disbursements were less than final budgeted disbursements as a result of less spending in instruction, and operation and maintenance of plant than anticipated as well as to conservative spending in the remaining categories.

Capital Assets and Debt Administration

Capital Assets

The School District maintains a listing of its capital assets. These records are not required to be presented in the financial statements.

Debt

At June 30, 2025, the School District had no outstanding debt. The School District's overall legal debt margin was \$11,529,689 with an unvoted debt margin of \$128,108. For further information regarding the School District's debt, refer to Note 11 to the basic financial statements.

Current Issues

The Danville Local School District's motto is *Excellence from All – Shaping Quality Graduates*. The School District's Continuous Improvement Plan (CIP) is based on the primary goal of *Increasing Achievement for All Students*.

The School District used general fund monies to add an addition to the high school that will provide some educational pull-out rooms as well as add a safe and secure entryway, as well as make our building handicapped accessible. Many of our students are involved with a wide array of activities ranging from sports and drama and mock trial, and we have expanded into robotics competitions. Our robotics program competed at the World competition in fiscal year 2023 and fiscal year 2024. For those students who find the traditional classroom a challenge, we also offer an equine therapy program. The elementary building has partnered with United Way to offer after school and summer tutoring. This upcoming year they will expand into offering support for gifted enrichment as well.

Danville Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

The Danville Local School District Continuous Improvement Plan includes a crucial goal of *Developing Adequate Support for Increasing Achievement*. Relative to accomplishing this end, the following activities are suggested:

1. Manage available funding to support achievement.
2. Advocate for resources to support achievement.
3. Align available resources to support achievement.
4. Formulate and maintain plans for acquisition and rotation of technology, textbooks, and other resources.

Assuring the School District's financial welfare is a challenge. Effective internal controls and careful budgeting have created positive cash flow for the last several years and placed the School District on firm financial footing from which we can do some needed capital improvement projects and repairs. The School District Board approved a permanent improvement fund in fiscal year 2024 and a capital projects fund in fiscal year 2025. The Board has transferred money to plan some bigger projects, and to make major capital purchases based on our facilities plan.

Danville Local School District relies heavily on local taxpayers to support our programs. The School District's property tax rate is currently at the 20-mill floor. The taxpayers, in an incredible show of support for our children's future, renewed their trust in the School District by passing a 1.25 percent income tax levy for ten years; the Board reduced that levy to 1 percent in fiscal year 2015. The taxpayers once again showed their support of the School District in November of 2023 and passed the renewal of the 1.25 percent income tax. When added to the already 0.5 percent continuing levy, the income tax rate totaled 1.75 percent.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tonya Mickley, Treasurer at Danville Local School District, 203 South Richards Street, Danville, Ohio 43014, tonya.mickley@danvilleschools.org.

Basic Financial Statements

Danville Local School District
Statement of Net Position - Cash Basis
June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,472,724
Net Position	
Restricted for:	
Food Service Operations	72,752
Classroom Maintenance	9,705
Student Activities	159,141
School Safety	2,628
Other Purposes	3,152
Unrestricted	11,225,346
<i>Total Net Position</i>	\$11,472,724

See accompanying notes to the basic financial statements

Danville Local School District
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2025

		Program Receipts		Net Receipts (Disbursements) and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$3,286,869	\$130,211	\$45,705	(\$3,110,953)
Special	1,651,009	0	809,210	(841,799)
Vocational	160,112	0	24,997	(135,115)
Student Intervention Services	5,987	0	0	(5,987)
Support Services:				
Pupil	828,100	0	23,517	(804,583)
Instructional Staff	495,562	0	20,836	(474,726)
Board of Education	35,223	0	0	(35,223)
Administration	884,322	0	4,280	(880,042)
Fiscal	367,308	0	0	(367,308)
Operation and Maintenance of Plant	919,649	0	2,627	(917,022)
Pupil Transportation	591,245	0	0	(591,245)
Central	25,597	0	0	(25,597)
Operation of Non-Instructional Services	420,971	130,894	220,854	(69,223)
Extracurricular Activities	477,199	224,587	1,168	(251,444)
Capital Outlay	2,062,867	0	0	(2,062,867)
<i>Total</i>	<u>\$12,212,020</u>	<u>\$485,692</u>	<u>\$1,153,194</u>	<u>(10,573,134)</u>
General Receipts				
Property Taxes Levied for:				
General Purposes				2,426,833
Income Taxes Levied for General Purposes				1,797,747
Grants and Entitlements not Restricted to Specific Programs				5,729,600
Investment Earnings/Interest				582,404
Miscellaneous				29,025
<i>Total General Receipts</i>				<u>10,565,609</u>
Change in Net Position				(7,525)
<i>Net Position Beginning of Year</i>				<u>11,480,249</u>
<i>Net Position End of Year</i>				<u>\$11,472,724</u>

See accompanying notes to the basic financial statements

Danville Local School District
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2025

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$5,604,002	\$5,250,000	\$618,722	\$11,472,724
Fund Balances				
Restricted	\$0	\$0	\$247,378	\$247,378
Committed	1,657,717	0	0	1,657,717
Assigned	3,786,491	5,250,000	399,179	9,435,670
Unassigned (Deficit)	159,794	0	(27,835)	131,959
<i>Total Fund Balances</i>	\$5,604,002	\$5,250,000	\$618,722	\$11,472,724

See accompanying notes to the basic financial statements

Danville Local School District
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$2,426,833	\$0	\$0	\$2,426,833
Income Taxes	1,797,747	0	0	1,797,747
Intergovernmental	6,148,414	0	729,147	6,877,561
Investment Earnings/Interest	582,404	0	5,233	587,637
Tuition and Fees	129,434	0	0	129,434
Extracurricular Activities	267	0	224,587	224,854
Charges for Services	0	0	130,894	130,894
Rentals	510	0	0	510
Miscellaneous	16,287	0	12,738	29,025
<i>Total Receipts</i>	<u>11,101,896</u>	<u>0</u>	<u>1,102,599</u>	<u>12,204,495</u>
Disbursements				
Current:				
Instruction:				
Regular	3,233,995	0	52,874	3,286,869
Special	1,211,885	0	439,124	1,651,009
Vocational	158,066	0	2,046	160,112
Student Intervention Services	5,987	0	0	5,987
Support Services:				
Pupil	805,357	0	22,743	828,100
Instructional Staff	445,361	0	50,201	495,562
Board of Education	35,223	0	0	35,223
Administration	880,042	0	4,280	884,322
Fiscal	367,308	0	0	367,308
Operation and Maintenance of Plant	905,831	0	13,818	919,649
Pupil Transportation	460,945	0	130,300	591,245
Central	25,597	0	0	25,597
Operation of Non-Instructional Services	0	0	420,971	420,971
Extracurricular Activities	247,180	0	230,019	477,199
Capital Outlay	1,621,711	0	441,156	2,062,867
<i>Total Disbursements</i>	<u>10,404,488</u>	<u>0</u>	<u>1,807,532</u>	<u>12,212,020</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>697,408</u>	<u>0</u>	<u>(704,933)</u>	<u>(7,525)</u>
Other Financing Sources (Uses)				
Transfers In	0	5,250,000	500,000	5,750,000
Transfers Out	(5,750,000)	0	0	(5,750,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(5,750,000)</u>	<u>5,250,000</u>	<u>500,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(5,052,592)</u>	<u>5,250,000</u>	<u>(204,933)</u>	<u>(7,525)</u>
<i>Fund Balances Beginning of Year</i>	<u>10,656,594</u>	<u>0</u>	<u>823,655</u>	<u>11,480,249</u>
<i>Fund Balances End of Year</i>	<u>\$5,604,002</u>	<u>\$5,250,000</u>	<u>\$618,722</u>	<u>\$11,472,724</u>

See accompanying notes to the basic financial statements

Danville Local School District
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2025*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property Taxes	\$2,480,000	\$2,480,000	\$2,426,833	(\$53,167)
Income Taxes	1,738,300	1,738,300	1,797,747	59,447
Intergovernmental	5,994,000	6,169,000	6,148,414	(20,586)
Interest	275,000	275,000	582,404	307,404
Tuition and Fees	129,000	139,000	129,434	(9,566)
Rentals	2,040	2,040	510	(1,530)
Miscellaneous	4,000	4,000	(1,583)	(5,583)
<i>Total Receipts</i>	<u>10,622,340</u>	<u>10,807,340</u>	<u>11,083,759</u>	<u>276,419</u>
Disbursements				
Current:				
Instruction:				
Regular	3,378,775	3,457,848	3,230,561	227,287
Special	1,238,184	1,441,224	1,211,885	229,339
Vocational	181,667	190,325	158,066	32,259
Student Intervention Services	9,445	9,480	5,987	3,493
Support Services:				
Pupil	942,686	930,885	805,357	125,528
Instructional Staff	502,727	558,315	452,481	105,834
Board of Education	50,025	53,100	35,223	17,877
Administration	933,824	986,033	870,515	115,518
Fiscal	368,150	384,729	367,227	17,502
Operation and Maintenance of Plant	1,099,229	1,077,020	908,221	168,799
Pupil Transportation	469,565	511,740	460,945	50,795
Central	13,767	29,950	25,597	4,353
Extracurricular Activities	211,419	277,975	247,180	30,795
Capital Outlay	2,017,120	3,293,461	3,292,385	1,076
<i>Total Disbursements</i>	<u>11,416,583</u>	<u>13,202,085</u>	<u>12,071,630</u>	<u>1,130,455</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(794,243)</u>	<u>(2,394,745)</u>	<u>(987,871)</u>	<u>1,406,874</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(500,000)</u>	<u>(5,750,000)</u>	<u>(5,750,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,294,243)</u>	<u>(8,144,745)</u>	<u>(6,737,871)</u>	<u>1,406,874</u>
<i>Fund Balance Beginning of Year</i>	<u>10,461,077</u>	<u>10,461,077</u>	<u>10,461,077</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>185,578</u>	<u>185,578</u>	<u>185,578</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$9,352,412</u></u>	<u><u>\$2,501,910</u></u>	<u><u>\$3,908,784</u></u>	<u><u>\$1,406,874</u></u>

See accompanying notes to the basic financial statements

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 – Reporting Entity

Danville Local School District (the “School District”) is organized under Article VI Section 2 and 3 of the Constitution of the State of Ohio. The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State statute and Federal guidelines. This Board of Education controls the School District's 2 instructional facilities and 1 administrative building staffed by 38 noncertified employees and 60 certified full-time teaching personnel who provide services to 548 students and other community members.

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

Primary Government

The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Danville Local School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

Component Units

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. The School District is also financially accountable for any organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District and are significant in amount to the School District. The School District has no component units.

Other Organizations

The School District participates in two jointly governed organizations and one insurance pool. These organizations are the Metropolitan Educational Technology Association, Knox County Career Center, and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 15 and 16 to the basic financial statements.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

Basis of Presentation

The School District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. These statements usually distinguish between those activities of the School District that are governmental and those that are business-type. The School District, however, has no business-type activities.

The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are all in the governmental category.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Governmental Funds The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The general fund is the School District's major governmental funds are:

General Fund The general fund is used to account for and report all financial resources, except those required to be accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Projects Fund The capital projects fund is used to account for and report transfers assigned for the acquisition, construction or improvement of capital facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been given the authority to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the School District’s cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2025, investments were limited to STAR Ohio, the State Treasurer’s Investment Pool. STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, “*Certain External Investment Pools and Pool Participants*.” The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant’s accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the general fund during fiscal year 2025 amounted to \$582,404, of which \$295,365 was assigned from other School District funds.

Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

For fiscal year 2025, GASB Statement No. 101, *Compensated Absences*, was effective. GASB 101 defines a compensated absence as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The School District does not offer noncash settlements.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

School District employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave.

This GASB pronouncement had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

Net Position

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for robotics and reading programs and scholarships. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District Board of Education assigned fund balance for public school support and to cover a gap between estimated revenue and appropriations in the fiscal year 2026 budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

New Accounting Pronouncements

For fiscal year 2025, the School District implemented GASB Statement No. 102, *Certain Risk Disclosures*, but had no disclosures related to concentrations or constraints. This GASB pronouncement relates to note disclosure only and had no effect on beginning net position/fund balance.

Note 3 – Compliance and Accountability

Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles; however, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Accountability

As of June 30, 2025, the following funds had negative cash fund balances:

	<u>Amount</u>
<i>Special Revenue:</i>	
Title I	\$26,096
Title VI-B	1,739

These cash deficits are the result of monies being expended with the expectation that the School District will be reimbursed during fiscal year 2026.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,680,876 for the general fund. Also, the public school support fund is included with the general fund on the statement of assets and fund balances, as it does not have a committed or restricted receipt source. The net change in fund balance for the public school support fund was \$4,403.

Note 5 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time, if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Investments

As of June 30, 2025, the School District only had an investment in STAR Ohio, the State Treasurer's Investment Pool. This investment of \$8,479,753 has an average maturity of 30.4 days.

Credit Risk STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization. The School District has no investment policy that addresses credit risk.

Note 6 – Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<i>Restricted for:</i>				
Food Service Operations	\$0	\$0	\$72,752	\$72,752
Classroom Maintenance	0	0	9,705	9,705
Student Activities	0	0	159,141	159,141
School Safety	0	0	2,628	2,628
Other Purposes:				
Robotics and Reading Programs			3,129	3,129
Scholarships	0	0	23	23
<i>Total Restricted</i>	0	0	247,378	247,378
<i>Committed to:</i>				
Purchases on Order:				
Capital Outlay	1,657,717	0	0	1,657,717
<i>Assigned to:</i>				
Purchases on Order:				
Student Instruction	773	0	0	773
Support Services	9,429	0	0	9,429
Capital Outlay	12,957	0	0	12,957
Fiscal Year 2026 Operations	3,748,990	0	0	3,748,990
Public School Support	14,342	0	0	14,342
Capital Outlay	0	5,250,000	399,179	5,649,179
<i>Total Assigned</i>	3,786,491	5,250,000	399,179	9,435,670
<i>Unassigned (Deficit)</i>	159,794	0	(27,835)	131,959
<i>Total Fund Balances</i>	\$5,604,002	\$5,250,000	\$618,722	\$11,472,724

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 7 – Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2025 represents the collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Knox and Holmes Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second half real property tax payments collected by the Counties by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2025 taxes were collected are as follows:

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Residential and Agricultural	\$121,216,910	95.63 %	\$122,218,090	95.40 %
Public Utility Personal	5,539,810	4.37	5,889,570	4.60
Total	<u>\$126,756,720</u>	<u>100.00 %</u>	<u>\$128,107,660</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$41.00		\$41.00	

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 8 – Income Tax

In November 1989, the School District voted a tax of .5 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1990, and is a continuing tax. From January 1, 2005, through December 31, 2010, an additional 1.5 percent tax was collected. On January 1, 2011, it was replaced with a 1.25 percent tax. In the spring of 2014, voters approved the renewal of the 1.25 percent tax to be collected for the next ten years. In November of 2015, the Board passed a resolution lowering the 1.25 percent voted tax .25 percent effective January 1, 2016, making the total to be collected 1.5 percent. The 0.5 percent is continuing, and the 1 percent is in effect for the remainder of the 10 years through December 2024. In November 2023, voters approved the renewal of the income tax levy for a period of 10 years with collection beginning in January 2025. The rate will revert to the original 1.25 percent plus the 0.5 percent continuing for a total income tax rate of 1.75 percent. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

Note 9 – Defined Benefit Pension Plans

The Statewide retirement system provides both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2024.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$181,240 for fiscal year 2025.

State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2025 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2025, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$525,031 for fiscal year 2025.

Net Pension Liability

The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. The following is information related to the proportionate share and pension expense:

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02807630%	0.02615740%	
Prior Measurement Date	0.02775090%	0.02552677%	
Change in Proportionate Share	0.00032540%	0.00063063%	
Proportionate Share of the Net Pension Liability	\$1,436,270	\$5,033,106	\$6,469,376

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024, are presented below:

Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2024 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all 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 benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31 percent.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$2,197,295	\$1,436,270	\$795,529

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation are presented below:

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	26.00%	6.90%
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00%</u>	

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$8,119,283	\$5,033,106	\$2,422,732

Note 10 – Defined Benefit OPEB Plans

See Note 9 for a description of the net OPEB liability.

School Employees Retirement System (SERS)

Health Care Plan Description – The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$20,119.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$20,119 for fiscal year 2025.

State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.02854030%	0.02615740%	
Prior Measurement Date	0.02869160%	0.02552677%	
Change in Proportionate Share	<u>-0.00015130%</u>	<u>0.00063063%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$290,682	\$0	\$290,682
Net OPEB (Asset)	\$0	(\$496,156)	(\$496,156)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024, are presented below:

	<u>June 30, 2024</u>
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2059
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate,	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 9.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023, and the June 30, 2024, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.93 percent at June 30, 2024, and 3.86 percent at June 30, 2023.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$387,614	\$290,682	\$213,656
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$196,490	\$290,682	\$414,489

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to the prior year are presented below:

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	-112.22 percent initial 3.94 percent ultimate	-10.94 percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	-11.95 percent initial 4.14 percent ultimate
Medicare	-15.14 percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 9.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net OPEB (asset)	(\$403,408)	(\$496,156)	(\$576,867)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB (asset)	(\$582,319)	(\$496,156)	(\$392,533)

Note 11 – Debt

The School District's overall legal debt margin was \$11,529,689 with an unvoted debt margin of \$128,108 at June 30, 2025.

Note 12 – Risk Management

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2025, the School District contracted with Schools of Ohio Risk Sharing Authority for general liability coverage with a \$15,000,000 single occurrence limit and \$17,000,000 annual aggregate and no deductible. Professional liability is protected at the level of \$15,000,000 for single occurrence and aggregate limit and no deductible. Vehicles have a \$250 deductible for physical damage and are covered for automobile liability insurance in the amount of \$15,000,000.

Schools of Ohio Risk Sharing Authority holds the coverage for the blanket building and contents and boiler and machinery with a \$350,000,00 limit, subject to a \$350,000,000 pool limit for any one occurrence, and a \$5,000 deductible. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 13 – Contingencies

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2025, if applicable, cannot be determined at this time.

School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, DEW has finalized adjustments to the District's foundation and these adjustments did not have a material impact on the financial statement presentation.

Litigation

As of June 30, 2025, the School District was not party to any legal proceedings.

Note 14 – Interfund Transfers

The general fund transferred \$5,250,000 to the capital projects capital projects fund and \$500,000 to the permanent improvement capital projects fund for the acquisition and construction of capital improvements.

Note 15 – Jointly Governed Organizations

Metropolitan Educational Technology Association

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and non-members innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. The School District paid \$33,524 to META during fiscal year 2025 for services. Financial information can be obtained from the Ashley Widby, CFO, 100 Executive Drive, Marion, Ohio 43302.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Knox County Career Center

The Knox County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. The School District did not make a payment to the Career Center during fiscal year 2025. To obtain financial information, write to the Knox County Career Center, Tracy Elliott, who serves as Treasurer, at 306 Martinsburg Road, Mount Vernon, Ohio 43050.

Note 16 – Insurance Pool

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 145 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, electronic data processing, boiler and machinery, crime, general liability, automobile liability and physical damage, and school board errors and omissions insurance coverage. SORSA is governed by a board of directors elected by members. The School District pays an annual premium to SORSA for this coverage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

Note 17 – Set-Aside Requirements

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end. This amount must be carried forward to be used for the same purpose in future years.

The following cash basis information describes the changes in the year-end set-aside amounts for capital acquisitions. Disclosure of this information is required by the State statute.

	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of June 30, 2024	\$0
Current Year Set-Aside Requirement	138,430
Current Year Offsets	(510,339)
Qualifying Disbursements	<u>(204,554)</u>
Totals	<u><u>(\$576,463)</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Set-Aside Reserve Balance as of June 30, 2025	<u><u>\$0</u></u>

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Danville Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 18 – Significant Commitments

Contractual Commitments

The School District had the following contractual commitments outstanding at June 30, 2025:

Project	Contract Amount	Amount Paid	Remaining on Contract
High School Addition Planning	\$76,950	\$63,450	\$13,500
High School Addition	3,169,994	1,525,776	1,644,218
Parking Lot Planning	37,500	4,520	32,980
Total	<u>\$3,284,444</u>	<u>\$1,593,746</u>	<u>\$1,690,698</u>

All of the remaining commitment amounts were encumbered at fiscal year end.

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$1,680,876
Other Governmental Funds	<u>32,980</u>
Total	<u>\$1,713,856</u>

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Danville Local School District
Knox County
405 South Market Street
Danville, Ohio 43014

To the Board of Education:

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Danville Local School District, Knox County, Ohio (the 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 February 20, 2026, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

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 opinions 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 School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2025-001.

School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the finding identified in our audit and described in the accompanying schedule of findings. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

February 20, 2026

**DANVILLE LOCAL SCHOOL DISTRICT
KNOX COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2025**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2025-001

Annual Financial Report - Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code § 117-2-03(B) requires the School District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38, the School District may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the School District's ability to evaluate and monitor the overall financial condition of the School District. To help provide the users with more meaningful financial statements, the School District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: This will be reassessed as needed. Currently, the Board of Education feels the costs of reporting on a GAAP basis outweigh the benefits.

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Danville Local Schools

Administration

Jason Snively
Superintendent

Tonya Mickley
Treasurer

P.O. Box 30
Danville, Ohio 43014
740-599-6116 • Fax 740-599-5417
www.danvilleschools.org

Board of Education

Joshua Byers
Charles Bratton
Christopher Colopy
Dawna Stephens
Paul Stover

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001 2023-001	Ohio Rev. Code § 117.38 & Ohio Admin Code § 117-2-03(B) - Annual Financial Report not prepared in accordance with generally accepted accounting principles. Finding initially issued during the FY 2009 Audit.	Not Corrected – the Board of Education feels the costs outweighs the benefits of a GAAP audit.	School District officials made the financial decision to not report on a GAAP basis. Finding reissued as 2025-001.

Laura Holler
Elementary Principal

Jeannette McCann
High School Principal

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OHIO AUDITOR OF STATE KEITH FABER



DANVILLE LOCAL SCHOOL DISTRICT

KNOX COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/10/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov