



OHIO AUDITOR OF STATE  
**KEITH FABER**





**DANVILLE LOCAL SCHOOL DISTRICT  
KNOX COUNTY  
JUNE 30, 2024**

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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, the 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, 2024, and the related notes to the financial statements, which collectively comprise the 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, the major fund, and the aggregate remaining fund information of the School District, as of June 30, 2024, 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 School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***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 modified 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion & 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 May 8, 2025, 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  
Auditor of State  
Columbus, Ohio

May 8, 2025

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**Danville Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

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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, 2024, 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 2024 are as follows:

- The School District's receipts are primarily from grants and entitlements not restricted to specific programs (mainly State Foundation), property taxes, operating grants, contributions and interest program receipts, and School District income taxes. These receipts represent a significant portion of the total cash received for the School District. Operating grants, contributions and interest increased from fiscal year 2023 due mostly to increases in Elementary and Secondary School Emergency Relief (ESSER) grants.
- The School District salary schedule increased 3 percent for teachers, administrators, non-certified and supplemental salaries for fiscal year 2024. Health insurance costs are significant and employees share in the overall cost, paying 15-20 percent of the premium. Dental insurance premiums are also shared by the Board and employees, 75 percent, and 25 percent respectively. An eyeglasses reimbursement program is also active, which allows for reimbursement up to \$100 every two years. Since fiscal year 2021, vision insurance has been offered to staff eligible for benefits at a cost of 100 percent to the staff member. Salaries and benefits were about 72 percent of general fund disbursements in fiscal year 2024.
- The majority of capital outlay purchases for the School District during fiscal year 2024 were for payment of the track resurfacing, the roofing project that was contracted in fiscal year 2023, HVAC upgrades that were over and above ESSER monies and design services for potential addition improvements relating to safety and accessibility of the high school building.
- Combined utility costs for electric, water and natural gas rose significantly throughout fiscal year 2024. The School District is part of an agreement through Metropolitan Educational Technology Association (META), American Electric Power and NRG to help contain the costs of electric and gas.

**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.

**Danville Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

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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.

### **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 2024, 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.

**Danville Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

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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.

**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 fund is 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 only major governmental fund is the general 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 2024 compared to fiscal year 2023 on a cash basis.

(Table 1)			
<b>Net Position</b>			
Governmental Activities			
	<u>2024</u>	<u>2023</u>	<u>Change</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$11,480,249</u>	<u>\$9,994,529</u>	<u>\$1,485,720</u>
<b>Net Position</b>			
Restricted	<u>\$326,487</u>	<u>\$493,393</u>	<u>(\$166,906)</u>
Unrestricted	<u>11,153,762</u>	<u>9,501,136</u>	<u>1,652,626</u>
Total Net Position	<u>\$11,480,249</u>	<u>\$9,994,529</u>	<u>\$1,485,720</u>

**Danville Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

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Net position of the governmental activities increased during fiscal year 2024 as receipts not only continued to outpace disbursements but also increased as well. The increase in receipts was mainly related to higher property taxes, intergovernmental monies and investment earnings/interest revenue. Disbursements increased in fiscal year 2024 but, as previously mentioned, were still exceeded by current year revenues. The increase in disbursements was primarily related to increases in capital outlay, regular instruction, and extracurricular activities.

Charges for services and operating grants program receipts increased in fiscal year 2024. The increase in charges for services was related to extracurricular revenues for student activities and athletics. Operating grants went up mainly due to an increase in the amount of Elementary and Secondary School Emergency Relief (ESSER) grants received in fiscal year 2024.

Table 2 reflects the change in net position for fiscal years 2024 and 2023 on a cash basis.

(Table 2)  
**Changes in Net Position**  
 Governmental Activities

	2024	2023	Change
<b>Receipts</b>			
<i>Program Receipts</i>			
Charges for Services and Sales	\$514,187	\$443,243	\$70,944
Operating Grants, Contributions and Interest	1,766,390	1,666,487	99,903
<i>Total Program Receipts</i>	<i>2,280,577</i>	<i>2,109,730</i>	<i>170,847</i>
<i>General Receipts</i>			
Property Taxes	2,209,012	1,941,794	267,218
Income Taxes	1,653,118	1,547,709	105,409
Grants and Entitlements Not Restricted to Specific Programs	5,522,937	5,062,757	460,180
Investment Earnings/Interest	513,546	337,520	176,026
Miscellaneous	35,860	30,429	5,431
<i>Total General Receipts</i>	<i>9,934,473</i>	<i>8,920,209</i>	<i>1,014,264</i>
<i>Total Receipts</i>	<i>\$12,215,050</i>	<i>\$11,029,939</i>	<i>\$1,185,111</i>

(continued)

**Danville Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

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(Table 2)  
**Changes in Net Position**  
 Governmental Activities

<b>Disbursements</b>	<b>2024</b>	<b>2023</b>	<b>Change</b>
Instruction:			
Regular	3,134,552	2,959,560	(174,992)
Special	1,416,869	1,290,416	(126,453)
Vocational	163,419	155,480	(7,939)
Student Intervention Services	2,701	4,314	1,613
Support Services:			
Pupil	841,439	796,382	(45,057)
Instructional Staff	465,313	367,708	(97,605)
Board of Education	34,835	37,223	2,388
Administration	805,545	710,650	(94,895)
Fiscal	326,824	294,680	(32,144)
Operation and Maintenance of Plant	1,241,422	1,404,265	162,843
Pupil Transportation	377,164	544,381	167,217
Central	31,761	14,758	(17,003)
Operation of Non-Instructional Services	401,039	379,726	(21,313)
Extracurricular Activities	571,510	348,537	(222,973)
Capital Outlay	750,737	586,233	(164,504)
Debt Service	164,200	167,469	3,269
<i>Total Disbursements</i>	<i>10,729,330</i>	<i>10,061,782</i>	<i>(667,548)</i>
Change in Net Position	1,485,720	968,157	517,563
Net Position Beginning of Year	9,994,529	9,026,372	968,157
Net Position End of Year	<u><u>\$11,480,249</u></u>	<u><u>\$9,994,529</u></u>	<u><u>\$1,485,720</u></u>

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 630 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.

**Danville Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

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## **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 maintenance of property. 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.

**(Table 3)**  
**Governmental Activities**

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Disbursements</b>				
Instruction:				
Regular	\$3,134,552	(\$2,711,854)	\$2,959,560	(\$2,696,940)
Special	1,416,869	(569,576)	1,290,416	(578,365)
Vocational	163,419	(132,243)	155,480	(124,504)
Student Intervention Services	2,701	(2,701)	4,314	(4,314)
Support Services:				
Pupil	841,439	(824,583)	796,382	(694,686)
Instructional Staff	465,313	(436,147)	367,708	(329,464)
Board of Education	34,835	(34,835)	37,223	(37,223)
Administration	805,545	(801,265)	710,650	(704,983)
Fiscal	326,824	(326,824)	294,680	(294,680)
Operation and Maintenance of Plant	1,241,422	(902,112)	1,404,265	(1,011,537)
Pupil Transportation	377,164	(377,164)	544,381	(499,381)
Central	31,761	(31,761)	14,758	(14,758)
Operation of Non-Instructional Services	401,039	(36,681)	379,726	(44,162)
Extracurricular Activities	571,510	(346,070)	348,537	(163,353)
Capital Outlay	750,737	(750,737)	586,233	(586,233)
Debt Service	164,200	(164,200)	167,469	(167,469)
<i>Total Disbursements</i>	<i>\$10,729,330</i>	<i>(\$8,448,753)</i>	<i>\$10,061,782</i>	<i>(\$7,952,052)</i>

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.

**Danville Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

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**The School District's Funds**

Total governmental funds had an increase in fund balance, despite a rise in disbursements, as receipts continued to exceed disbursements due to higher revenues and conservative spending. The increase in receipts was mainly related to higher property taxes, intergovernmental monies and investment earnings/interest revenue. Disbursements increased primarily due to increases in regular and special instruction salaries and benefits, extracurricular activities and capital outlay.

The general fund had an increase in fund balance due to an increase in receipts while keeping disbursements in check. The growth in receipts was primarily due to increases in intergovernmental, property 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. Investment earnings/interest receipts increased due to rising interest rates. The increase in disbursements was primarily related to capital outlay, regular instruction, and extracurricular activities. Capital outlay in fiscal year 2024 was mainly for design/engineering, roof replacement and a new fire alarm system. Regular instruction disbursements for the general fund rose due mainly to the increase in salaries and benefits discussed previously. A rise in the cost of student academic and sports activities drove the increase in extracurricular disbursements.

**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 2024, the School District amended its general fund budget a few times to reflect changing circumstances. Final budgeted receipts were slightly higher than original budgeted receipts due to increases in intergovernmental and miscellaneous receipts. Actual receipts were higher than final budgeted receipts primarily due to higher than anticipated income taxes, intergovernmental and interest. Final budgeted disbursements were less than original budgeted disbursements due mainly to decreases in regular and special instruction as well as capital outlay. Actual disbursements were significantly less than final budgeted disbursements as a result of much less spending in capital outlay 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, 2024, the School District had no outstanding debt. The School District's overall legal debt margin was \$11,408,105 with an unvoted debt margin of \$126,757. For further information regarding the School District's debt, refer to Note 11 to the basic financial statements.

**Danville Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

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**Current Issues**

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

The School District has used Federal ESSER monies to help with air quality in the classrooms due to the recent pandemic. Some of these improvements include new windows in the high school and HVAC in the high school lobby and gymnasium, as well as in-room systems to help bring in fresh air. 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 has competed at the World competition in fiscal year 2023 and fiscal year 2024. For those students who find the traditional classroom a challenge, we offer an equine therapy program.

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 Board approved a Permanent Improvement fund in fiscal year 2024 and intends to transfer monies each year (if there is sufficient funding) to plan some bigger projects and to make major capital purchases.

Danville Local School District is forced to rely heavily on local taxpayers to support our programs. The School District's property tax rate is currently at the 20-mill floor. In November 2023, the taxpayers, in an incredible show of support for our children's future, demonstrated their trust in the School District by renewing a 1.25 percent income tax levy for ten years with effective collection beginning in January 2025. When added to the already 0.5 percent continuing levy, the income tax rate totals 1.75 percent.

Over the next couple of years, the School District is planning to add an addition to the current high school that would create a safe and secure entryway to the building while allowing for ADA accessibility and some extra classroom space.

**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, 405 South Market Street, Danville, Ohio 43014, [tonya.mickley@danvilleschools.org](mailto:tonya.mickley@danvilleschools.org).

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## **Basic Financial Statements**

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**Danville Local School District**  
*Statement of Net Position - Cash Basis*  
*June 30, 2024*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$11,480,249</u></u>
<b>Net Position</b>	
Restricted for:	
Food Service Operations	\$135,083
Classroom Maintenance	20,044
Student Activities	163,405
School Safety	2,694
Other Purposes	5,261
Unrestricted	<u>11,153,762</u>
<i>Total Net Position</i>	<u><u>\$11,480,249</u></u>

See accompanying notes to the basic financial statements

**Danville Local School District**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2024*

	Program Receipts			Net Receipts (Disbursements) and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$3,134,552	\$168,155	\$254,543	(\$2,711,854)
Special	1,416,869	0	847,293	(569,576)
Vocational	163,419	0	31,176	(132,243)
Student Intervention Services	2,701	0	0	(2,701)
Support Services:				
Pupil	841,439	0	16,856	(824,583)
Instructional Staff	465,313	0	29,166	(436,147)
Board of Education	34,835	0	0	(34,835)
Administration	805,545	0	4,280	(801,265)
Fiscal	326,824	0	0	(326,824)
Operation and Maintenance of Plant	1,241,422	0	339,310	(902,112)
Pupil Transportation	377,164	0	0	(377,164)
Central	31,761	0	0	(31,761)
Operation of Non-Instructional Services	401,039	122,167	242,191	(36,681)
Extracurricular Activities	571,510	223,865	1,575	(346,070)
Capital Outlay	750,737	0	0	(750,737)
Debt Service	164,200	0	0	(164,200)
<i>Total</i>	<i>\$10,729,330</i>	<i>\$514,187</i>	<i>\$1,766,390</i>	<i>(8,448,753)</i>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Purposes			2,142,259	
Debt Service			57,526	
Classroom Maintenance			9,227	
Income Taxes Levied for General Purposes			1,653,118	
Grants and Entitlements not Restricted				
to Specific Programs			5,522,937	
Investment Earnings/Interest			513,546	
Miscellaneous			35,860	
<i>Total General Receipts</i>			<i>9,934,473</i>	
Change in Net Position			1,485,720	
<i>Net Position Beginning of Year</i>			<i>9,994,529</i>	
<i>Net Position End of Year</i>			<i>\$11,480,249</i>	

See accompanying notes to the basic financial statements

**Danville Local School District**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2024*

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	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$10,656,594</u>	<u>\$823,655</u>	<u>\$11,480,249</u>
<b>Fund Balances</b>			
Restricted	\$0	\$326,487	\$326,487
Committed	153,185	0	153,185
Assigned	1,150,997	500,000	1,650,997
Unassigned (Deficit)	<u>9,352,412</u>	<u>(2,832)</u>	<u>9,349,580</u>
<i>Total Fund Balances</i>	<u>\$10,656,594</u>	<u>\$823,655</u>	<u>\$11,480,249</u>

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, 2024*

	General	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Property Taxes	\$2,142,259	\$66,753	\$2,209,012
Income Taxes	1,653,118	0	1,653,118
Intergovernmental	5,870,035	1,401,318	7,271,353
Investment Earnings/Interest	513,546	6,974	520,520
Tuition and Fees	166,065	0	166,065
Extracurricular Activities	50	223,865	223,915
Contributions and Donations	0	11,000	11,000
Charges for Services	0	122,167	122,167
Rentals	2,040	0	2,040
Miscellaneous	<u>26,405</u>	<u>9,455</u>	<u>35,860</u>
<i>Total Receipts</i>	<u>10,373,518</u>	<u>1,841,532</u>	<u>12,215,050</u>
<b>Disbursements</b>			
Current:			
Instruction:			
Regular	2,933,519	201,033	3,134,552
Special	900,475	516,394	1,416,869
Vocational	161,032	2,387	163,419
Student Intervention Services	2,701	0	2,701
Support Services:			
Pupil	773,967	67,472	841,439
Instructional Staff	436,147	29,166	465,313
Board of Education	34,835	0	34,835
Administration	801,265	4,280	805,545
Fiscal	325,516	1,308	326,824
Operation and Maintenance of Plant	932,272	309,150	1,241,422
Pupil Transportation	377,164	0	377,164
Central	31,761	0	31,761
Operation of Non-Instructional Services	0	401,039	401,039
Extracurricular Activities	385,407	186,103	571,510
Capital Outlay	750,737	0	750,737
Debt Service:			
Principal Retirement	0	160,000	160,000
Interest	<u>0</u>	<u>4,200</u>	<u>4,200</u>
<i>Total Disbursements</i>	<u>8,846,798</u>	<u>1,882,532</u>	<u>10,729,330</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,526,720</u>	<u>(41,000)</u>	<u>1,485,720</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	500,000	500,000
Transfers Out	<u>(500,000)</u>	<u>0</u>	<u>(500,000)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(500,000)</u>	<u>500,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>1,026,720</u>	<u>459,000</u>	<u>1,485,720</u>
<i>Fund Balances Beginning of Year</i>	<u>9,629,874</u>	<u>364,655</u>	<u>9,994,529</u>
<i>Fund Balances End of Year</i>	<u>\$10,656,594</u>	<u>\$823,655</u>	<u>\$11,480,249</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, 2024*

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	<u>Budgeted Amounts</u>			Variance with Final Budget
	Original	Final	Actual	
<b>Receipts</b>				
Property Taxes	\$2,114,470	\$2,114,470	\$2,142,259	\$27,789
Income Taxes	1,550,000	1,550,000	1,653,118	103,118
Intergovernmental	5,710,400	5,713,900	5,870,035	156,135
Interest	275,000	275,000	513,546	238,546
Tuition and Fees	144,000	144,000	166,065	22,065
Rentals	2,040	2,040	2,040	0
Miscellaneous	6,500	9,225	11,180	1,955
<i>Total Receipts</i>	<i>9,802,410</i>	<i>9,808,635</i>	<i>10,358,243</i>	<i>549,608</i>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	3,246,322	3,219,484	2,925,985	293,499
Special	1,142,531	1,133,085	900,500	232,585
Vocational	177,896	176,425	161,032	15,393
Student Intervention Services	4,855	4,815	2,701	2,114
Support Services:				
Pupil	925,345	917,695	773,967	143,728
Instructional Staff	497,436	493,324	448,232	45,092
Board of Education	49,111	48,705	34,835	13,870
Administration	940,657	932,880	824,916	107,964
Fiscal	355,594	352,654	339,570	13,084
Operation and Maintenance of Plant	1,053,456	1,044,747	937,052	107,695
Pupil Transportation	450,848	447,121	377,164	69,957
Central	34,687	34,400	31,761	2,639
Extracurricular Activities	505,370	501,192	385,407	115,785
Capital Outlay	4,191,400	4,156,748	866,698	3,290,050
<i>Total Disbursements</i>	<i>13,575,508</i>	<i>13,463,275</i>	<i>9,009,820</i>	<i>4,453,455</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(3,773,098)</i>	<i>(3,654,640)</i>	<i>1,348,423</i>	<i>5,003,063</i>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	0	(500,000)	(500,000)	0
<i>Net Change in Fund Balance</i>	<i>(3,773,098)</i>	<i>(4,154,640)</i>	<i>848,423</i>	<i>5,003,063</i>
<i>Fund Balance Beginning of Year</i>	<i>8,738,377</i>	<i>8,738,377</i>	<i>8,738,377</i>	<i>0</i>
Prior Year Encumbrances Appropriated	874,277	874,277	874,277	0
<i>Fund Balance End of Year</i>	<i>\$5,839,556</i>	<i>\$5,458,014</i>	<i>\$10,461,077</i>	<i>\$5,003,063</i>

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, 2024*

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## **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 36 noncertified employees and 60 certified full-time teaching personnel who provide services to 630 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, 2024*

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## **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.

***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 only major governmental fund.

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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**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.

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.

***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".

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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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 2024, 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.

For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

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 2024 amounted to \$513,546, of which \$30,371 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***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. 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).

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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***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.

***Long-Term Obligations***

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received, and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a SBITA transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. SBITA payments are reported when paid.

***SBITAs***

The School District has entered into noncancelable SBITA contracts (as defined by GASB 96) for several types of software including contracts related to financial systems, scheduling, grading systems and various other software. Subscription liabilities are not reflected under the School District's cash basis of accounting. Subscription disbursements are recognized when they are paid.

***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 environmental science 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:

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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**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.

**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 2025 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 2024, GASB Statement No. 100, *Accounting Changes and Error Corrections* was effective. This GASB pronouncement had no effect on beginning net position/fund balance as the School District had no accounting changes or error corrections related to fiscal year 2024.

#### **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, 2024*

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### ***Accountability***

As of June 30, 2024, the following funds had negative cash fund balances:

	<u>Amount</u>
<i>Special Revenue:</i>	
Title I	\$2,057
Title IV, Part A	774
Title VI-B	1

These cash deficits are the result of monies being expended with the expectation that the School District will be reimbursed during fiscal year 2025.

### **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 \$185,578 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 (\$7,281).

### **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, 2024*

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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.

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**Investments**

As of June 30, 2024, the School District only had an investment in STAR Ohio, the State Treasurer's Investment Pool. This investment of \$8,611,519 has an average maturity of 46.5 days.

**Credit Risk** STAR Ohio carries a rating of AAA 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	Other Governmental Funds	Total Governmental Funds
<b><i>Restricted for:</i></b>			
Food Service Operations	\$0	\$135,083	\$135,083
Classroom Maintenance	0	20,044	20,044
Student Activities	0	163,405	163,405
School Safety	0	2,694	2,694
Other Purposes:			
Robotics and Reading Programs		4,238	4,238
Scholarships	0	1,023	1,023
<i>Total Restricted</i>	<i>0</i>	<i>326,487</i>	<i>326,487</i>
<b><i>Committed to:</i></b>			
Purchases on Order:			
Support Services	51,849	0	51,849
Capital Outlay	101,336	0	101,336
<i>Total Committed</i>	<i>153,185</i>	<i>0</i>	<i>153,185</i>
<b><i>Assigned to:</i></b>			
Purchases on Order:			
Student Instruction	1,013	0	1,013
Support Services	16,755	0	16,755
Capital Outlay	14,625	0	14,625
Fiscal Year 2025 Operations	1,108,665	0	1,108,665
Public School Support	9,939	0	9,939
Capital Outlay	0	500,000	500,000
<i>Total Assigned</i>	<i>1,150,997</i>	<i>500,000</i>	<i>1,650,997</i>
<b><i>Unassigned (Deficit)</i></b>	<b><i>9,352,412</i></b>	<b><i>(2,832)</i></b>	<b><i>9,349,580</i></b>
<b><i>Total Fund Balances</i></b>	<b><i>\$10,656,594</i></b>	<b><i>\$823,655</i></b>	<b><i>\$11,480,249</i></b>

**Danville Local School District**  
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### **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 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, 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 2024 represents the collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, 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, 2024, are available to finance fiscal year 2024 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 2024 taxes were collected are as follows:

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
<b>Real Property:</b>				
Residential and Agricultural	\$83,137,180	88.55 %	\$113,689,310	89.69 %
Commercial and Industrial	5,721,650	6.10	7,527,600	5.94
Public Utility Personal	5,026,090	5.35	5,539,810	4.37
<b>Total</b>	<b>\$93,884,920</b>	<b>100.00 %</b>	<b>\$126,756,720</b>	<b>100.00 %</b>
Tax rate per \$1,000 of assessed valuation		\$43.23		\$41.00

The property tax rate decreased due to the expiration of the bond and classroom facilities maintenance levies starting in January 2024.

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## **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 systems provide both pension benefits and other postemployment benefits (OPEB).

### ***Net Pension Liability/Net OPEB Liability***

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. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB

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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](http://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 2023.

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
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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 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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$164,728 for fiscal year 2024.

***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](http://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. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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, a one-time 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 one-time ad-hoc COLA of 1 percent 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. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board’s actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

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

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
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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 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$496,928 for fiscal year 2024.

#### ***Net Pension Liability***

The net pension liability was measured as of June 30, 2023, 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. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02775090%	0.02552677%	
Prior Measurement Date	<u>0.02923750%</u>	<u>0.02640168%</u>	
Change in Proportionate Share	<u>-0.00148660%</u>	<u>-0.00087491%</u>	
Proportionate Share of the Net Pension Liability	\$1,533,380	\$5,497,174	\$7,030,554

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***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, 2023, are presented below:

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
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.

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

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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 an arithmetic 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, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability for 2023 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 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 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 2023 was 6.90 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	\$2,263,191	\$1,533,380	\$918,654

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*Notes to the Basic Financial Statements*  
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***Actuarial Assumptions – STRS***

Key methods and assumptions used in the June 30, 2023, 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, 2023, 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:

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
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, 2023. 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 described above. For this purpose, only employer contributions that are intended to fund benefits of

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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, 2023. 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, 2023.

***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	\$8,453,437	\$5,497,174	\$2,996,985

## **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](http://www.ohsers.org) under Employers/Audit Resources.

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.

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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 2024, 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 2024, 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 2024, 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 2024.

***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](http://www.strsoh.org) or by calling (888) 227-7877.

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, 2024, 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, 2023, 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:

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.02869160%	0.02552677%	
Prior Measurement Date	<u>0.02996490%</u>	<u>0.02640168%</u>	
Change in Proportionate Share	<u>-0.00127330%</u>	<u>-0.00087491%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$472,679	\$0	\$472,679
Net OPEB (Asset)	\$0	(\$496,461)	(\$496,461)

***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.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, are presented below:

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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June 30, 2023

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	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate,	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 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, 2024*

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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, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 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 2048 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, 2022, and the June 30, 2023, 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 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

**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 (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School District's proportionate share of the net OPEB liability	\$604,218	\$472,679	\$368,954
	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	\$347,260	\$472,679	\$638,874

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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***Actuarial Assumptions – STRS***

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to the prior year are presented below:

	June 30, 2023	June 30, 2022
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 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 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, 2023, 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, 2023. 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, 2023. 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, 2023.

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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**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, 2023, 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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$420,189)	(\$496,461)	(\$562,885)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$565,967)	(\$496,461)	(\$412,741)

## Note 11 – Debt

Changes in long-term obligations of the School District during fiscal year 2024 were as follows:

	Amount Outstanding 6/30/23	Additions	Deletions	Amount Outstanding 6/30/24	Amounts Due in One Year
	6/30/23	Additions	Deletions	6/30/24	One Year
<b>Governmental Activities</b>					
2006 Classroom Facilities Improvement:					
\$1,175,000 5.25%-5.50% Serial Bonds	\$160,000	\$0	\$160,000	\$0	\$0
Unamortized Premium	9,577	0	9,577	0	0
Unamortized Loss on Refunding	(6,684)	0	(6,684)	0	0
Total Governmental Activities	<u><u>\$162,893</u></u>	<u><u>\$0</u></u>	<u><u>\$162,893</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

In November of 2006, the School District issued \$1,175,000 in voted general obligation bonds for the purpose of refunding a portion of the 2000 Classroom Facilities Improvement bonds, which were originally issued for the purpose of building a new elementary and middle school, in order to take advantage of lower interest rates. The bonds were issued for a seventeen-year period with final maturity at December 1, 2023. The bonds were fully retired from the debt service fund.

The School District's overall legal debt margin was \$11,408,105 with an unvoted debt margin of \$126,757 at June 30, 2024.

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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## **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 2024, 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 \$38,549,863 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.

## **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, 2024, 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, the DEW adjustments for fiscal year 2024 were finalized and determined to be immaterial; therefore, these adjustments will not be disclosed.

### *Litigation*

As of June 30, 2024, the School District was not party to any legal proceedings.

## **Note 14 – Interfund Transfers**

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

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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## **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 \$30,075 to META during fiscal year 2024 for services. Financial information can be obtained from the Ashley Widby, CFO, 100 Executive Drive, Marion, Ohio 43302.

### ***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 paid \$149 to the Career Center during fiscal year 2024. 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.

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of June 30, 2023	\$0
Current Year Set-Aside Requirement	126,394
Current Year Offsets	(510,759)
Qualifying Disbursements	<u>(207,932)</u>
Totals	<u><u>(\$592,297)</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Set-Aside Reserve Balance as of June 30, 2024	<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.

## **Note 18 – Significant Commitments**

### ***Contractual Commitments***

The School District had the following contractual commitments outstanding at June 30, 2024:

Project	Contract Amount	Amount Paid	Remaining on Contract
Fire/Security Alarm	\$78,263	\$39,678	\$38,585
Document Scanning	51,849	0	51,849
High School Addition Planning	<u>76,950</u>	<u>14,199</u>	<u>62,751</u>
Total	<u><u>\$207,062</u></u>	<u><u>\$53,877</u></u>	<u><u>\$153,185</u></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	\$185,578
Other Governmental Funds	<u>1,777</u>
Total	<u><u>\$187,355</u></u>

**Danville Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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**Note 19 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**DANVILLE LOCAL SCHOOL DISTRICT  
KNOX COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

<b>FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<b><i>Passed Through Ohio Department of Education and Workforce</i></b>		
Child Nutrition Cluster:		
Non-Cash Assistance		
National School Lunch Program - Commodities	10.555	\$23,955
Cash Assistance		
National School Breakfast Program	10.553	62,305
National School Lunch Program	10.555	<u>169,339</u>
Total Child Nutrition Cluster		<u>255,599</u>
Total U.S. Department of Agriculture		<u><b>255,599</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<b><i>Direct Program</i></b>		
Rural Education	84.358	<u>24,840</u>
<b><i>Passed Through Ohio Department of Education and Workforce</i></b>		
Special Education Cluster:		
Special Education Grants to States	84.027	170,407
COVID-19 Special Education Preschool Grants	84.173A	<u>7,264</u>
Total Special Education Cluster		<u>177,671</u>
Title I Grants to Local Educational Agencies	84.010A	258,288
Supporting Effective Instruction State Grants	84.367A	24,357
Student Support and Academic Enrichment Program	84.424A	17,127
Education Stabilization Fund:		
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	<u>431,369</u>
Total Education Stabilization		<u>431,369</u>
Total U.S. Department of Education		<u><b>933,652</b></u>
<b>U.S. DEPARTMENT OF TREASURER</b>		
<b><i>Passed Through Ohio Department of Education and Workforce</i></b>		
COVID-19 Coronavirus State & Local Fiscal Recovery Funds	21.027	<u>50,035</u>
Total U.S. Department of Treasury		<u><b>50,035</b></u>
<b>Total Expenditures of Federal Awards</b>		<u><b>\$1,239,286</b></u>

*The accompanying notes are an integral part of this schedule.*

**DANVILLE LOCAL SCHOOL DISTRICT  
KNOX COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Danville Local School (the School District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - SUBRECIPIENTS**

The School District did not provide funds to subrecipients for the year ended June 30, 2024.

**NOTE E - CHILD NUTRITION CLUSTER**

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

**NOTE F – FOOD DONATION PROGRAM**

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE G - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2024 to 2025 programs:

<b>Program Title</b>	<b>AL Number</b>	<b>Amt. Transferred</b>
Title I Grants to Local Educational Agencies	84.010A	\$ 41,181
Supporting Effective Instruction	84.367A	32,207
Student Support and Academic Enrichment	84.424A	1,853
Special Education - Grants to States	84.027A	6,577
		<hr/>
		\$ 81,819



## 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 the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards), the cash-basis financial statements of the governmental activities, the 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, 2024, 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 May 8, 2024, 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.

Danville Local School District  
Knox County  
Independent Auditor's Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

***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 is described in the accompanying schedule of findings as item 2024-001.

***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 corrective action plan. 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  
Auditor of State  
Columbus, Ohio

May 8, 2024



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Danville Local School District's, Knox County, (the School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Danville Local School District's major federal programs for the year ended June 30, 2024. Danville Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Danville Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Danville Local School District

Knox County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

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### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Danville Local School District

Knox County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 3

### **Report on Internal Control Over Compliance**

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

May 8, 2024

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**DANVILLE LOCAL SCHOOL DISTRICT  
KNOX COUNTY**

**SCHEDULE OF FINDINGS**  
**2 CFR § 200.515**  
**JUNE 30, 2024**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	AL #84.010 Title I Grants to Local Educational Agencies AL #84.425 Education Stabilization Fund
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

DANVILLE LOCAL SCHOOL DISTRICT  
KNOX COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024  
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2024-001**

**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:** See Corrective Action Plan

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

# 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](http://www.danvilleschools.org)

## Board of Education

Joshua Byers  
Charles Bratton  
Christopher Colopy  
Dawna Stephens  
Paul Stover

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) JUNE 30, 2024**

Finding Number	Finding Summary	Status	Additional Information
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 2024-001.

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Laura Holler  
*Elementary Principal*

Jeannette McCann  
*High School Principal*

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# Danville Local Schools

## Administration

Jason Snively  
*Superintendent*

Tonya Mickley  
*Treasurer*

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## Board of Education

Joshua Byers  
Charles Bratton  
Christopher Colopy  
Dawna Stephens  
Paul Stover

## **CORRECTIVE ACTION PLAN** **2 CFR § 200.511(c)** **JUNE 30, 2024**

**Finding Number:** 2024-001

**Planned Corrective Action:**

This will be reassessed as needed. Currently, the Board of Education feels the costs of reporting on a GAAP basis outweighs the benefits.

**Anticipated Completion Date:** Reassess Annually

**Responsible Contact Person:** Tonya Mickley, Treasurer

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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 6/3/2025

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](http://www.ohioauditor.gov)