

DANSVILLE SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required and
additional supplementary information)

YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
BASIC FINANCIAL STATEMENTS.....	11
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities.....	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14-15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	16-17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Fiduciary Fund	
Statement of Fiduciary Net Position.....	19
Statement of Changes in Fiduciary Net Position	20
Notes to Financial Statements	21-49
REQUIRED SUPPLEMENTARY INFORMATION	50
Budgetary Comparison Schedule - General Fund	51
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability.....	52
Schedule of the Reporting Unit's Pension Contributions.....	53
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability (Asset)	54
Schedule of the Reporting Unit's OPEB Contributions	55
Notes to Required Supplementary Information	56-57
ADDITIONAL SUPPLEMENTARY INFORMATION	58
Nonmajor Governmental Fund Types	
Combining Balance Sheet.....	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	60
Long-term Obligations	
Bonded Obligations.....	61
School Loan Revolving Fund Program.....	62
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	63-64



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Dansville Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dansville Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Dansville Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dansville Schools, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 13 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dansville Schools' 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 Dansville Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dansville Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2025 on our consideration of Dansville Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Dansville Schools' 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 Dansville Schools' internal control over financial reporting and compliance.

Maney Costeiran PC

September 15, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Dansville Schools (the District) annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the District’s financial statements, which immediately follow this section.

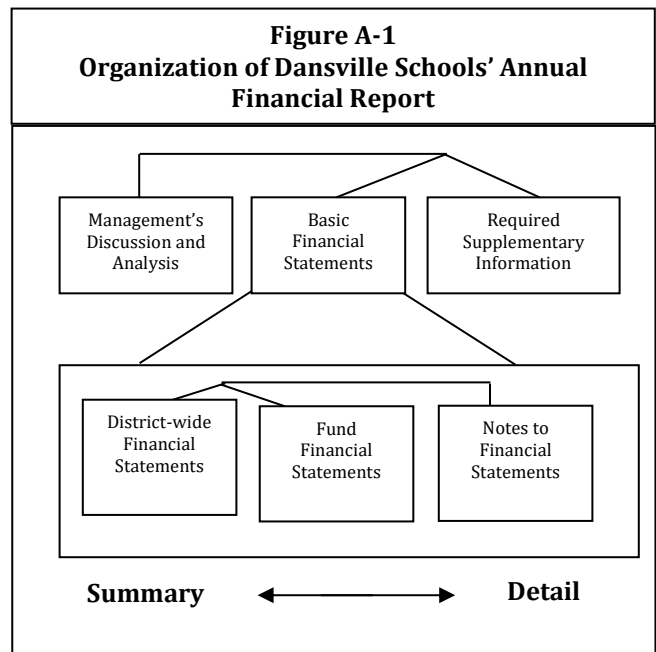
FINANCIAL OVERVIEW

- For the 2024-2025 fiscal year, the general fund balance increased by \$5,496, compared to an increase of \$831,237 in the 2023-2024 fiscal year.
- During the 2024-2025 fiscal year compared to 2023-2024, general fund revenues decreased by \$557,167 (5.1%), while expenditures increased by \$257,791 (2.5%).
- Student enrollment decreased by approximately 30 FTE from the Fall 2023 count to the Fall 2024 count.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the District-wide notes to financial statements.
- The governmental funds statements tell how basic services like instruction and support services were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as *a trustee or agent* for the benefit of others.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year as well as required schedules related to the net pension liability and net OPEB asset. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2			
Major Features of District-wide and Fund Financial Statements			
	District-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include all of the District's assets, deferred outflows, deferred inflows and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets, deferred outflows, deferred inflows and liabilities - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities:

- Governmental Activities - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying obligations, and its capital projects fund) or to show that it is properly using certain revenues (like school lunch and student/school activities).

The District has two kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.
- Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position - The District's combined net position is summarized as of June 30, 2025 and 2024.

Table A-3
Dansville Schools' Net Position

	2025	2024*
ASSETS		
Current or other assets	\$ 5,945,830	\$ 6,025,078
Net other postemployment benefit asset	1,480,816	203,551
Capital assets, net of depreciation	30,099,624	30,299,565
TOTAL ASSETS	37,526,270	36,528,194
DEFERRED OUTFLOWS OF RESOURCES	2,871,261	4,114,958
LIABILITIES		
Other liabilities	2,138,217	2,072,529
Noncurrent liabilities	23,084,472	23,671,964
Net pension liability	8,536,507	11,640,621
TOTAL LIABILITIES	33,759,196	37,385,114
DEFERRED INFLOWS OF RESOURCES	5,145,245	3,688,892
NET POSITION		
Net investment in capital assets	7,973,234	7,401,342
Restricted for debt service	286,345	291,121
Restricted for capital projects	32,097	13,148
Restricted for net other postemployment benefits	1,480,816	203,551
Restricted for food service	272,140	225,877
Unrestricted	(8,551,542)	(8,565,893)
TOTAL NET POSITION	\$ 1,493,090	\$ (430,854)

*The 2024 numbers have not been updated for the adoption of GASB 101

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-4
Changes in Dansville Schools' Net Position

	<u>2025</u>	<u>2024*</u>
REVENUES		
Program revenues		
Charges for services	\$ 115,123	\$ 126,539
Operating grants and contributions	2,988,821	3,360,614
General revenues		
Property taxes	2,974,194	2,810,064
State aid - unrestricted	6,424,876	6,656,280
Intermediate sources	805,748	859,370
Investment earnings	93,909	113,177
Other	136,898	40,237
	<u>13,539,569</u>	<u>13,966,281</u>
TOTAL REVENUES		
EXPENSES		
Instruction	4,691,828	5,144,345
Support services	3,999,055	3,845,186
Community services	774	-
Food services	512,627	508,769
Student/school activities	300,225	255,592
Interest on long-term debt	887,842	924,750
Unallocated depreciation	985,952	984,002
	<u>11,378,303</u>	<u>11,662,644</u>
TOTAL EXPENSES		
Change in net position	<u>\$ 2,161,266</u>	<u>\$ 2,303,637</u>

*The 2024 numbers have not been updated for the adoption of GASB 101

DISTRICT GOVERNMENTAL ACTIVITIES

The District's financial condition has resulted from a number of factors including the following:

- Proposal A established the student foundation grant concept. The foundation grant for Dansville Schools has increased from \$5,321 per student in 1995 to \$9,608 per student in 2025.
- The District continues to work earnestly to align expenditures with revenue each year.
- The District strives to manage staffing levels in accordance with student count and seeks to save money in non-instructional areas whenever possible.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

- The District's combined fund balance is \$3,948,363 compared to \$4,098,090 in 2024, a decrease of \$149,727.
- The excess (deficiency) of revenues over (under) expenditures for the general fund was (\$9,120) for 2025 and \$805,838 for 2024.
- The 2016 debt service fund balance decreased by \$13,029 during 2025 versus a decrease of \$86,192 for 2024.

GENERAL FUND AND BUDGET HIGHLIGHTS

- During the 2024-2025 fiscal year the original District budget was amended to reflect changes which affected the District. Changes included adjustments for State School Aid, federal sources, property tax revenues, and actual staffing costs and other expenditure changes. The final budget was amended to show an ending fund balance of \$2,413,693 while the actual fund balance for the year was \$2,631,486.
- General fund revenues were \$5,924 more than budgeted primarily due to additional amounts received from local sources. General fund expenditures were \$213,287 under budget which is 2.0% of total expenditures, primarily due to tight budgetary controls.

CAPITAL ASSET AND LONG-TERM OBLIGATION ADMINISTRATION

Capital Assets

The District's capital assets are as follows:

Table A-5
Dansville Schools' Capital Assets

	2025		2024	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 172,351	\$ -	\$ 172,351	\$ 172,351
Buildings and additions	43,902,809	14,755,160	29,147,649	29,621,757
Equipment and technology	1,833,290	1,095,751	737,539	484,472
Vehicles	318,556	276,471	42,085	20,985
Total	<u>\$ 46,227,006</u>	<u>\$ 16,127,382</u>	<u>\$ 30,099,624</u>	<u>\$ 30,299,565</u>

For more information see the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Obligations

At year end the District had long-term obligations outstanding as shown in Table A-6. More detailed information is available in the notes to the financial statements.

Table A-6
Dansville Schools
Outstanding Long-Term Debt

	2025	2024*
General obligation bonds	\$ 22,312,268	\$ 22,983,898
Notes from direct borrowings and direct placements	144,733	438,385
Compensated absences and other benefits	627,220	245,968
	<u>\$ 23,084,221</u>	<u>\$ 23,668,251</u>

*The 2024 numbers have not been updated for the adoption of GASB 101

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The contract with the District's teachers bargaining unit expires June 30, 2026. The contract with the District's support staff bargaining unit expires on June 30, 2027.
- When developing the budget for 2025-2026 the District estimated an increase of \$194 in the per pupil foundation.
- For 2025-2026 the district assumed traditional funding based primarily on Fall 2025 and Spring 2025 counts and budgeted with a count of 714.
- In preparing the financial outlook, the District has assumed stable levels of federal and state categorical funding based on prior-year allocations and historical trends. These assumptions include continued support for programs such as Title, National School Lunch and Breakfast Programs, GSRP, at risk and special education funding. The District monitors state and federal legislative developments closely and will adjust its budget and operations as needed should material changes in funding occur.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the central administration, Dansville Schools, 1264 Adams Street, Dansville, MI 48819-0187.

BASIC FINANCIAL STATEMENTS

DANSVILLE SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,513,536
Investments	1,746,326
Receivables	
Accounts receivable	8,982
Intergovernmental	1,495,611
Due from custodial fund	2,000
Inventories	12,960
Prepays	166,415
Net other postemployment benefit asset	1,480,816
Capital assets, not being depreciated	172,351
Capital assets, net of accumulated depreciation	<u>29,927,273</u>
TOTAL ASSETS	<u>37,526,270</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension	2,491,669
Related to other postemployment benefit	<u>379,592</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,871,261</u>
LIABILITIES	
Accounts payable	519,401
Accrued interest payable	147,869
Accrued salaries and related items	493,731
Accrued retirement	219,040
Notes payable	250,000
Unearned revenue	508,176
Noncurrent liabilities	
Due within one year	783,449
Due in more than one year	22,300,772
Accrued interest due in more than one year	251
Net pension liability	<u>8,536,507</u>
TOTAL LIABILITIES	<u>33,759,196</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pension	2,698,050
Related to other postemployment benefit	1,979,005
Related to state aid funding for pension	<u>468,190</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,145,245</u>
NET POSITION	
Net investment in capital assets	7,973,234
Restricted for debt service	286,345
Restricted for capital projects (sinking fund)	32,097
Restricted for net other postemployment benefits	1,480,816
Restricted for food service	272,140
Unrestricted	<u>(8,551,542)</u>
TOTAL NET POSITION	<u><u>\$ 1,493,090</u></u>

See notes to financial statements.

**DANSVILLE SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 4,691,828	\$ -	\$ 2,032,479	\$ (2,659,349)
Support services	3,999,055	87,342	108,300	(3,803,413)
Community services	774	1,685	-	911
Food services	512,627	26,096	562,280	75,749
Student/school activities	300,225	-	285,762	(14,463)
Interest on long-term debt	887,842	-	-	(887,842)
Unallocated depreciation	985,952	-	-	(985,952)
Total governmental activities	<u>\$ 11,378,303</u>	<u>\$ 115,123</u>	<u>\$ 2,988,821</u>	<u>(8,274,359)</u>
General revenues				
Property taxes, levied for general purposes				979,103
Property taxes, levied for debt service				1,750,570
Property taxes, levied for capital projects (sinking fund)				244,521
State sources - unrestricted				6,424,876
Intermediate sources				805,748
Investment earnings				93,909
Other				136,898
Total general revenues				<u>10,435,625</u>
CHANGE IN NET POSITION				2,161,266
NET POSITION, beginning of year as previously reported				(430,854)
Adjustment to beginning net position				<u>(237,322)</u>
NET POSITION, beginning year as restated				<u>(668,176)</u>
NET POSITION, end of year				<u>\$ 1,493,090</u>

See notes to financial statements.

**DANSVILLE SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	2016 Capital Projects Fund	2016 Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,315,942	\$ 330,611	\$ 427,346	\$ 439,637	\$ 2,513,536
Investments	1,629,689	-	-	116,637	1,746,326
Receivables					
Accounts receivable	225	-	-	8,757	8,982
Intergovernmental	1,492,028	-	-	3,583	1,495,611
Due from custodial fund	2,000	-	-	-	2,000
Inventories	-	-	-	12,960	12,960
Prepays	166,415	-	-	-	166,415
TOTAL ASSETS	\$ 4,606,299	\$ 330,611	\$ 427,346	\$ 581,574	\$ 5,945,830
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 505,111	\$ -	\$ -	\$ 14,290	\$ 519,401
Accrued interest payable	7,119	-	-	-	7,119
Accrued salaries and related items	490,164	-	-	3,567	493,731
Accrued retirement	219,040	-	-	-	219,040
Unearned revenue	503,379	-	-	4,797	508,176
Notes payable	250,000	-	-	-	250,000
TOTAL LIABILITIES	1,974,813	-	-	22,654	1,997,467

See notes to financial statements.

	General Fund	2016 Capital Projects Fund	2016 Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable					
Inventories	\$ -	\$ -	\$ -	\$ 12,960	\$ 12,960
Prepays	166,415	-	-	-	166,415
Restricted for:					
Debt service	-	-	427,346	-	427,346
Capital projects	-	330,611	-	32,097	362,708
Food service	-	-	-	362,603	362,603
Committed for student/school activities	-	-	-	151,260	151,260
Assigned for:					
Subsequent year's expenditures	429,324	-	-	-	429,324
Unassigned	2,035,747	-	-	-	2,035,747
	<u>2,631,486</u>	<u>330,611</u>	<u>427,346</u>	<u>558,920</u>	<u>3,948,363</u>
TOTAL FUND BALANCES	<u>2,631,486</u>	<u>330,611</u>	<u>427,346</u>	<u>558,920</u>	<u>3,948,363</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,606,299</u>	<u>\$ 330,611</u>	<u>\$ 427,346</u>	<u>\$ 581,574</u>	<u>\$ 5,945,830</u>

Total governmental fund balances \$ 3,948,363

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

Deferred outflows of resources - related to pension	2,491,669
Deferred inflows of resources - related to pension	(2,698,050)
Deferred outflows of resources - related to other postemployment benefit	379,592
Deferred inflows of resources - related to other postemployment benefit	(1,979,005)
Deferred inflows of resources - related to state aid funding for pension benefits	(468,190)

Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Noncurrent assets at year-end consist of:

Net other postemployment benefits asset	1,480,816
---	-----------

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

The cost of the capital assets is	\$ 46,227,006
Accumulated depreciation is	<u>(16,127,382)</u>
	30,099,624

Long-term liabilities are not due and payable in the current period and are not reported in the funds:

Bonds and other long-term debt	(22,457,001)
Compensated absences and other benefits	(627,220)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid	(141,001)
Net pension liability	<u>(8,536,507)</u>

Net position of governmental activities \$ 1,493,090

See notes to financial statements.

DANSVILLE SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	2016 Capital Projects Fund	2016 Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources					
Property taxes	\$ 979,103	\$ -	\$ 1,750,570	\$ 244,521	\$ 2,974,194
Food sales	-	-	-	26,096	26,096
Athletics	87,342	-	-	-	87,342
Student/school activities	-	-	-	285,762	285,762
Other local sources	232,492	-	-	-	232,492
Total local sources	1,298,937	-	1,750,570	556,379	3,605,886
State sources	8,094,872	-	1,649	345,381	8,441,902
Federal sources	130,359	-	-	217,707	348,066
Incoming transfers and other	892,698	-	-	-	892,698
TOTAL REVENUES	10,416,866	-	1,752,219	1,119,467	13,288,552
EXPENDITURES					
Current					
Instruction	5,655,090	-	-	-	5,655,090
Supporting services	4,770,122	-	-	-	4,770,122
Food service activities	-	-	-	526,991	526,991
Student/school activities	-	-	-	300,225	300,225
Community service activities	774	-	-	-	774

See notes to financial statements.

	General Fund	2016 Capital Projects Fund	2016 Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)					
Capital outlay	\$ -	\$ 193,449	\$ -	\$ 226,380	\$ 419,829
Debt service					
Principal repayment	-	-	868,652	-	868,652
Interest	-	-	896,095	-	896,095
Other	-	-	501	-	501
TOTAL EXPENDITURES	<u>10,425,986</u>	<u>193,449</u>	<u>1,765,248</u>	<u>1,053,596</u>	<u>13,438,279</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,120)</u>	<u>(193,449)</u>	<u>(13,029)</u>	<u>65,871</u>	<u>(149,727)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	14,619	-	-	3	14,622
Transfers out	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(14,619)</u>	<u>(14,622)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>14,616</u>	<u>-</u>	<u>-</u>	<u>(14,616)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,496	(193,449)	(13,029)	51,255	(149,727)
FUND BALANCES					
Beginning of year	<u>2,625,990</u>	<u>524,060</u>	<u>440,375</u>	<u>507,665</u>	<u>4,098,090</u>
End of year	<u>\$ 2,631,486</u>	<u>\$ 330,611</u>	<u>\$ 427,346</u>	<u>\$ 558,920</u>	<u>\$ 3,948,363</u>

See notes to financial statements.

DANSVILLE SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net change in fund balances total governmental funds \$ (149,727)

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

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	(985,952)
Capital outlay	786,011

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable, beginning of the year	149,254
Accrued interest payable, end of the year	(141,001)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:

Payments on debt	868,652
Amortization of bond premium	96,630

Compensated absences and other benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated absences, beginning of the year, as restated	483,290
Compensated absences, end of the year	(627,220)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Pension related items	858,165
Other postemployment benefit related items	572,147

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions made subsequent to the measurement period:

State aid funding for pension	251,017
-------------------------------	---------

Change in net position of governmental activities	\$ 2,161,266
--	---------------------

**DANSVILLE SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025**

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 127,730</u>
LIABILITIES	
Due to Dansville Schools	<u>2,000</u>
NET POSITION	
Restricted for student organizations	<u><u>\$ 125,730</u></u>

See notes to financial statements.

**DANSVILLE SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2025**

	<u>Custodial Fund</u>
ADDITIONS	
Student activities income	\$ 19,638
DEDUCTIONS	
Payments made on behalf of student organizations	<u>15,407</u>
CHANGE IN NET POSITION	4,231
NET POSITION	
Beginning of year	<u>121,499</u>
End of year	<u><u>\$ 125,730</u></u>

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities, if any, are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

Reporting Entity

The Dansville Schools (the “District”) is governed by the Dansville Schools Board of Education (the “Board”), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District’s reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Basis of Presentation

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the District’s funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

The *General Fund* is the District’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2016 Capital Projects Fund* accounts for the debt proceeds that are restricted to expenditures for capital outlays for voter-approved purposes. The *2016 Capital Projects Fund* includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund Financial Statements (continued)

Major Governmental Funds (continued):

Beginning with the year of bond issuance, the district has reported the annual construction activity in the *2016 Capital Projects Fund*. The projects for which the 2016 bonds were issued were completed as of June 30, 2019 and the cumulative revenues and expenditures recognized for the construction period were as follows:

	<u>2016 Capital Projects Fund</u>
Revenue and other financing sources	<u>\$ 27,703,063</u>
Expenditures and outgoing transfers	<u>\$ 27,372,452</u>

Revenue and other financing sources include the net bond proceeds of \$26,593,885.

The *2016 Debt Service Fund* accounts for the resources accumulated and payments made for the principal and interest of the 2016 building and site bond.

Additionally, the District reports the following *Nonmajor Fund Types*:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities as special revenue funds.

The *Capital Projects Sinking Fund* records capital project activities funded with sinking fund millage and other sources. For the sinking fund, the District has complied with the applicable provision of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The *Custodial Fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund Financial Statements (continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term obligations are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as intergovernmental receivables.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The capital projects funds are appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2025. The District does not consider these amendments to be significant.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Investments (continued)

- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include land, construction in progress, buildings and additions, equipment and technology, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land and construction in progress, if any, are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Classes</u>	<u>Lives</u>
Buildings and additions	7 - 50 Years
Equipment and technology	3 - 20 Years
Vehicles	8 Years

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the pension and other postemployment benefit related items reported in the government-wide statement of net position. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

In the computation of net investment in capital assets, school loan revolving fund principal proceeds of \$144,733 is considered capital related obligations. Accrued interest on the school loan revolving fund of \$251 is not considered capital related obligations.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the superintendent and finance director to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The Board is committed to maintaining a fiscally responsible fund balance of at least ten 0% target, the budget for the year shall endeavor to include an allocation to increase the fund balance, and the amount to be added to the fund balance shall be an amount of at least ten 10% of the projected balance for that year.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2025, the District levied the following amounts per \$1,000 of assessed valuation:

<u>Fund</u>	<u>Mills</u>
General funds	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
2016 Debt service fund	
PRE, Non-PRE, Commercial Property	7.0000
Capital projects sinking fund	
PRE, Non-PRE, Commercial Property	0.9785

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related obligations. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2025, the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, the carrying amount of the District's deposits was \$2,513,536 and the bank balance was \$2,538,488, of which \$250,000 was covered by federal depository insurance.

Fiduciary cash balances are not included in the above balance. As of June 30, 2025, the carrying amount of the fiduciary fund's balance was \$127,730 and the bank balance was \$127,730, of which \$0 was covered by federal depository insurance.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weight Average Maturity (Years)</u>
MILAF External Investment Pool- CMC	\$ 1,536,901	N/A
MILAF External Investment Pool- MAX	<u>209,425</u>	N/A
Total fair value	<u><u>\$ 1,746,326</u></u>	

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
MILAF External Investment Pool - CMC	\$ 1,536,901	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	<u>209,425</u>	AAAm	Standard & Poor's
Total	<u>\$ 1,746,326</u>		

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

	Amortized Cost
MILAF External Investment Pool- CMC	\$ 1,536,901
MILAF External Investment Pool- MAX	<u>209,425</u>
	<u>\$ 1,746,326</u>

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2025:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	\$ 2,513,536	\$ 127,730	\$ 2,641,266
Investments	<u>1,746,326</u>	<u>-</u>	<u>1,746,326</u>
Total	<u>\$ 4,259,862</u>	<u>\$ 127,730</u>	<u>\$ 4,387,592</u>

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 172,351	\$ -	\$ -	\$ 172,351
Capital assets, being depreciated				
Buildings and additions	43,542,184	360,625	-	43,902,809
Equipment and technology	1,434,129	399,161	-	1,833,290
Vehicles	<u>292,331</u>	<u>26,225</u>	<u>-</u>	<u>318,556</u>
Total capital assets, being depreciated	<u>45,268,644</u>	<u>786,011</u>	<u>-</u>	<u>46,054,655</u>
Accumulated depreciation				
Buildings and additions	13,920,427	834,733	-	14,755,160
Equipment and technology	949,657	146,094	-	1,095,751
Vehicles	<u>271,346</u>	<u>5,125</u>	<u>-</u>	<u>276,471</u>
Total accumulated depreciation	<u>15,141,430</u>	<u>985,952</u>	<u>-</u>	<u>16,127,382</u>
Net capital assets being depreciated	<u>30,127,214</u>	<u>(199,941)</u>	<u>-</u>	<u>29,927,273</u>
Net governmental capital assets	<u>\$ 30,299,565</u>	<u>\$ (199,941)</u>	<u>\$ -</u>	<u>\$ 30,099,624</u>

Depreciation for the fiscal year ended June 30, 2025 amounted to \$985,952. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INTERGOVERNMENTAL RECEIVABLE

Intergovernmental receivables at June 30, 2025 consist of the following:

Other governmental units	
State aid	\$ 1,427,193
Federal grants	30,037
Other	<u>38,381</u>
	<u><u>\$ 1,495,611</u></u>

Amounts due from governmental units include amounts due from federal, state, and local sources for various projects and programs.

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTES

At June 30, 2025, the District issued state aid anticipation notes payable in the amount of \$250,000 (Note 2024 A-2). The note bears an interest rate of 3.31% and matures on August 20, 2025. Proceeds of the notes were used to fund school operations. The note was secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the note, the bank may impose a penalty interest rate and at the bank's discretion, accelerate the repayment terms. Activity for the year ended June 30, 2025 is as follows:

Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
<u>\$ 446,236</u>	<u>\$ 250,000</u>	<u>\$ 446,236</u>	<u>\$ 250,000</u>

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM OBLIGATIONS

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The following is a summary of long-term obligations for the District for the year ended June 30, 2025:

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Compensated Absences*	Total
Balance, July 1, 2024, as restated	\$ 22,983,898	\$ 438,385	\$ 483,290	\$ 23,905,573
Additions	-	-	143,930	143,930
Deletions	(671,630)	(293,652)	-	(965,282)
Balance June 30, 2025	22,312,268	144,733	627,220	23,084,221
Due within one year	(600,000)	-	(183,449)	(783,449)
Due in more than one year	<u>\$ 21,712,268</u>	<u>\$ 144,733</u>	<u>\$ 443,771</u>	<u>\$ 22,300,772</u>

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

Long-term obligations at June 30, 2025 are comprised of the following issues:

General Obligation Bonds

\$23,695,000 2016 Building and Site Bonds dated August 9, 2016, due in annual principal installments from \$600,000 to \$1,375,000 through May 1, 2046, with interest ranging from 4.00% to 5.00%, payable semi-annually. \$ 20,275,000

Plus premium on bond issuance, net of amortization 2,037,268

Total general obligation bonds 22,312,268

Notes from Direct Borrowings and Direct Placements

Borrowings from the State of Michigan under the School Loan Revolving Fund Program, excluding interest at 4.22% at year end. 144,733

Total general obligation bonds and notes from direct borrowings and direct placements 22,457,001

Compensated absences and other benefits 627,220

Total long-term obligations \$ 23,084,221

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Borrowing from the State of Michigan

The school loan revolving fund payable represents a note payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. Interest rate of 4.22% has been assessed for the year ended June 30, 2025. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.00 mills. The school district is required to levy 7.00 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. The District currently levies 7.00 debt mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state equalized value of property in the school district, no provision for repayment has been included in the following amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

The annual requirements to amortize long-term obligations outstanding as of June 30, 2025, including interest for general obligation bonds and notes from direct borrowings and direct placements, respectively, are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated Absences and Other Benefits	Total
	Principal	Interest	Principal	Interest		
2026	\$ 600,000	\$ 844,500	\$ -	\$ -	\$ -	\$ 1,444,500
2027	625,000	814,500	-	-	-	1,439,500
2028	675,000	783,250	-	-	-	1,458,250
2029	700,000	749,500	-	-	-	1,449,500
2030	750,000	714,500	-	-	-	1,464,500
2031 - 2035	4,175,000	3,064,000	-	-	-	7,239,000
2036 - 2040	5,125,000	2,156,000	-	-	-	7,281,000
2041 - 2045	6,250,000	1,045,000	-	-	-	7,295,000
2046	1,375,000	55,000	-	-	-	1,430,000
Total	20,275,000	10,226,250	-	-	-	30,501,250
Premium on bond issuance	2,037,268	-	-	-	-	2,037,268
Compensated absences	-	-	-	-	627,220	627,220
School loan revolving fund	-	-	144,733	251	-	144,984
	<u>\$ 22,312,268</u>	<u>\$ 10,226,250</u>	<u>\$ 144,733</u>	<u>\$ 251</u>	<u>\$ 627,220</u>	<u>\$ 33,310,722</u>

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPERS) who became a member of MPERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010, and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan Members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: The Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus Plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 Plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 Plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 Plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

New employees hired between February 1, 2018 and June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant to the DC Plan; if no election is made they will default to the DC Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

Pension Reform of 2023

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus 2 plan. If they elect to opt out of the Pension Plus 2 plan, their participation in the DC plan will be retroactive to their date of hire.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2024, were determined as of the September 30, 2021 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021, are amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	<u>Pension</u>	<u>Other Postemployment Benefit</u>
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

The District's pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Total pension contributions were approximately \$1,563,000. Of the total pension contributions approximately \$1,477,000 was contributed to fund the Defined Benefit Plan and approximately \$86,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. Total OPEB contributions were approximately \$58,000. Of the total OPEB contributions approximately \$19,000 was contributed to fund the Defined Benefit Plan and approximately \$39,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Liabilities

The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total Pension Liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan Fiduciary Net Position	\$ 71,283,482,728	\$ 62,581,762,238
Net Pension Liability	\$ 24,482,016,787	\$ 32,366,066,319
Proportionate Share	0.03487%	0.03597%
Net Pension Liability for the District	\$ 8,536,507	\$ 11,640,621

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the District recognized pension expense of \$618,692.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 889,981	\$ 625,456
Net difference between projected and actual plan investment earnings	-	1,629,127
Differences between expected and actual experience	231,601	92,750
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,726	350,717
Reporting Unit's contributions subsequent to the measurement date	<u>1,353,361</u>	<u>-</u>
	<u>\$ 2,491,669</u>	<u>\$ 2,698,050</u>

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$1,353,361, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2026	\$ (365,949)
2027	(44,898)
2028	(690,186)
2029	(458,709)
	<u>\$ (1,559,742)</u>

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Liabilities (Asset)

The net OPEB liability (asset) was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total OPEB liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	\$ 14,295,943,589	\$ 11,789,347,341
Net OPEB liability (asset)	\$ (4,304,397,666)	\$ (565,698,392)
Proportionate share	0.03440%	0.03598%
Net OPEB liability (asset) for the District	\$ (1,480,816)	\$ (203,551)

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

For the year ended June 30, 2025, the District recognized OPEB benefit of \$553,496.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 323,431	\$ 37,176
Net difference between projected and actual plan investment earnings	-	280,335
Differences between expected and actual experience	-	1,569,212
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,036	92,282
Reporting Unit's contributions subsequent to the measurement date	8,125	-
	<u>\$ 379,592</u>	<u>\$ 1,979,005</u>

\$8,125, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2026	\$ (504,964)
2027	(324,088)
2028	(308,632)
2029	(283,028)
2030	(157,236)
2031	(29,590)
	<u>\$ (1,607,538)</u>

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions -

Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projecting scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-2021 adjusted for mortality improvements using projection scale from 2010.

Disabled Retirees: PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Experience Study - Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023, valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008, and 30% of those hired after June 30, 2008, are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees electing two-person coverage are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees who elected coverage are assumed to elect coverage for 1 or more dependents.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

The target asset allocation at September 30, 2024 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.3%
International Equity Pools	15.0%	6.5%
Private Equity Pools	16.0%	9.0%
Real Estate and Infrastructure Pools	10.0%	7.1%
Fixed Income Pools	13.0%	2.2%
Absolute Return Pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short Term Investment Pools	2.0%	1.4%
	100.0%	

* Long term rate of return are net of administrative expenses and 2.3% inflation.

Rate of Return - For fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OPEB Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting unit's proportionate share of the net pension liability	\$ 12,514,611	\$ 8,536,507	\$ 5,223,970

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting unit's proportionate share of the net other postemployment benefit liability (asset)	\$ (1,144,387)	\$ (1,480,816)	\$ (1,771,694)

Sensitivity to the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefit		
	Current		
	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Reporting unit's proportionate share of the net other postemployment benefit liability (asset)	\$ (1,771,697)	\$ (1,480,816)	\$ (1,168,847)

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System Annual Comprehensive Financial Report.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position (continued)

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation and property and casualty. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other needs including health insurance, and accidental insurance.

NOTE 9 - TRANSFERS

The food service fund transferred \$14,619 to the general fund during the current fiscal year to offset a portion of indirect costs paid by the general fund, while \$3 from the general fund was transferred over to food service to cover at-risk meals.

NOTE 10 - CONTINGENT LIABILITIES

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

NOTE 11 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77 (*Tax Abatements*). For the year ended June 30, 2025, the District did not receive reduced property tax revenues as a result of tax abatements from taxing authorities within its district boundaries. Additionally, there are no abatements made by the District.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*.

Summary:

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

NOTE 14 - ADJUSTMENTS TO BEGINNING NET POSITION

During fiscal year 2025, changes to beginning net position, are as follows:

	<u>Governmental Activities Net Position</u>
Balance as of July 1, 2024, as previously stated	\$ (430,854)
Adoption of GASB Statement No. 101	<u>(237,322)</u>
Balance as of July 1, 2024, as restated	<u><u>\$ (668,176)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**DANSVILLE SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 1,096,467	\$ 1,261,151	\$ 1,298,937	\$ 37,786
State sources	8,433,334	8,161,984	8,094,872	(67,112)
Federal sources	89,589	104,953	130,359	25,406
Incoming transfers and other	817,220	882,854	892,698	9,844
TOTAL REVENUES	10,436,610	10,410,942	10,416,866	5,924
EXPENDITURES				
Current				
Instruction				
Basic programs	4,836,911	4,754,468	4,721,682	32,786
Added needs	1,306,123	988,472	933,408	55,064
Total instruction	6,143,034	5,742,940	5,655,090	87,850
Supporting services				
Pupil	688,753	760,693	757,878	2,815
Instructional staff	160,974	332,540	315,580	16,960
General administration	434,503	405,473	413,592	(8,119)
School administration	742,785	710,397	709,021	1,376
Business	185,716	169,311	167,768	1,543
Operation and maintenance	996,655	1,151,727	1,197,423	(45,696)
Pupil transportation	505,928	593,849	470,050	123,799
Central and other	325,815	354,768	344,315	10,453
Athletics and other	309,936	414,032	394,495	19,537
Total supporting services	4,351,065	4,892,790	4,770,122	122,668
Community services	950	3,543	774	2,769
TOTAL EXPENDITURES	10,495,049	10,639,273	10,425,986	213,287
(DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(58,439)	(228,331)	(9,120)	219,211
OTHER FINANCING SOURCES (USES)				
Transfers in	25,917	16,037	14,619	(1,418)
Transfers out	-	(3)	(3)	-
TOTAL OTHER FINANCING SOURCES (USES)	25,917	16,034	14,616	(1,418)
NET CHANGE IN FUND BALANCE	\$ (32,522)	\$ (212,297)	5,496	\$ 217,793
FUND BALANCE				
Beginning of year			2,625,990	
End of year			\$ 2,631,486	

DANSVILLE SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR END SEPTEMBER 30)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting Unit's proportion of net pension liability (%)	0.03487%	0.03597%	0.03638%	0.03624%	0.03649%	0.03578%	0.03786%	0.04056%	0.04236%	0.04335%
Reporting Unit's proportionate share of net pension liability	\$ 8,536,507	\$ 11,640,621	\$ 13,681,665	\$ 8,578,890	\$ 12,533,413	\$ 11,847,947	\$ 11,380,501	\$ 10,510,639	\$ 10,568,346	\$ 10,587,096
Reporting Unit's covered-employee payroll	\$ 3,670,876	\$ 3,647,850	\$ 3,629,858	\$ 3,310,215	\$ 3,302,445	\$ 3,120,136	\$ 3,062,977	\$ 3,343,034	\$ 3,538,964	\$ 3,611,710
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	232.55%	319.11%	376.92%	259.16%	379.52%	379.73%	371.55%	314.40%	298.63%	293.13%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

DANSVILLE SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 1,476,857	\$ 1,430,930	\$ 1,658,556	\$ 1,223,950	\$ 1,062,845	\$ 983,718	\$ 934,634	\$ 1,000,742	\$ 956,714	\$ 912,610
Contributions in relation to statutorily required contributions	1,476,857	1,430,930	1,658,556	1,223,950	1,062,845	983,718	934,634	1,000,742	956,714	912,610
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll	\$ 3,732,050	\$ 3,647,975	\$ 3,787,058	\$ 3,576,790	\$ 3,299,528	\$ 3,251,757	\$ 3,112,130	\$ 3,090,624	\$ 3,405,793	\$ 3,397,846
Contributions as a percentage of covered-employee payroll	39.57%	39.23%	43.80%	34.22%	32.21%	30.25%	30.03%	32.38%	28.09%	26.86%

DANSVILLE SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefit liability (asset) (%)	0.03440%	0.03598%	0.03701%	0.03641%	0.03735%	0.03580%	0.03610%	0.04070%
Reporting Unit's proportionate share of net other postemployment benefit liability (asset)	\$ (1,480,816)	\$ (203,551)	\$ 783,800	\$ 555,678	\$ 2,000,869	\$ 2,569,686	\$ 2,869,950	\$ 3,603,772
Reporting Unit's covered-employee payroll	\$ 3,670,876	\$ 3,647,850	\$ 3,629,858	\$ 3,310,215	\$ 3,302,445	\$ 3,120,136	\$ 3,062,977	\$ 3,343,034
Reporting Unit's proportionate share of net other postemployment benefit liability (asset) as a percentage of its covered-employee payroll	40.34%	5.58%	21.59%	16.79%	60.59%	82.36%	93.70%	107.80%
Plan fiduciary net position as a percentage of total other postemployment benefit liability (Non-university employers)	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

DANSVILLE SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF YEAR ENDED JUNE 30)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required other postemployment benefit contributions	\$ 18,651	\$ 293,208	\$ 288,087	\$ 288,292	\$ 274,978	\$ 278,462	\$ 255,794	\$ 273,843
Other postemployment benefit contributions in relation to statutorily required contributions	<u>18,651</u>	<u>293,208</u>	<u>288,087</u>	<u>288,292</u>	<u>274,978</u>	<u>278,462</u>	<u>255,794</u>	<u>273,843</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll (OPEB)	\$ 3,732,050	\$ 3,647,975	\$ 3,787,058	\$ 3,576,790	\$ 3,299,528	\$ 3,251,757	\$ 3,112,130	\$ 3,090,624
Other postemployment benefit contributions as a percentage of covered-employee payroll	0.50%	8.04%	7.61%	8.06%	8.33%	8.56%	8.22%	8.86%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

DANSVILLE SCHOOLS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

NOTE 1 - PENSION INFORMATION

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

NOTE 2 - OPEB INFORMATION

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2024 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage point for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

DANSVILLE SCHOOLS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

NOTE 2 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

ADDITIONAL SUPPLEMENTARY INFORMATION

**DANSVILLE SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2025**

	Special Revenue		Capital Projects (Sinking Fund)	Total Nonmajor Funds
	Food Service	Student/ School Activities		
ASSETS				
Cash and cash equivalents	\$ 251,214	\$ 156,326	\$ 32,097	\$ 439,637
Investments	116,637	-	-	116,637
Receivables				
Accounts receivable	668	8,089	-	8,757
Intergovernmental	3,583	-	-	3,583
Inventories	12,960	-	-	12,960
TOTAL ASSETS	\$ 385,062	\$ 164,415	\$ 32,097	\$ 581,574
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,135	\$ 13,155	\$ -	\$ 14,290
Accrued salaries and related items	3,567	-	-	3,567
Unearned revenue	4,797	-	-	4,797
TOTAL LIABILITIES	9,499	13,155	-	22,654
FUND BALANCES				
Nonspendable - inventories	12,960	-	-	12,960
Restricted for:				
Capital projects - sinking fund	-	-	32,097	32,097
Food service	362,603	-	-	362,603
Committed for - student/school activities	-	151,260	-	151,260
TOTAL FUND BALANCES	375,563	151,260	32,097	558,920
TOTAL LIABILITIES AND FUND BALANCES	\$ 385,062	\$ 164,415	\$ 32,097	\$ 581,574

DANSVILLE SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2025

	Special Revenue		Capital Projects (Sinking Fund)	Total Nonmajor Funds
	Food Service	Student/ School Activities		
REVENUES				
Local sources				
Property taxes	\$ -	\$ -	\$ 244,521	\$ 244,521
Food sales	26,096	-	-	26,096
Student/school activities	-	285,762	-	285,762
Total local sources	26,096	285,762	244,521	556,379
State sources	344,573	-	808	345,381
Federal sources	217,707	-	-	217,707
TOTAL REVENUES	588,376	285,762	245,329	1,119,467
EXPENDITURES				
Current				
Food service activities	526,991	-	-	526,991
Student/school activities	-	300,225	-	300,225
Capital outlay	-	-	226,380	226,380
TOTAL EXPENDITURES	526,991	300,225	226,380	1,053,596
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	61,385	(14,463)	18,949	65,871
OTHER FINANCING SOURCES (USES)				
Transfers in	3	-	-	3
Transfers out	(14,619)	-	-	(14,619)
TOTAL OTHER FINANCING SOURCES (USES)	(14,616)	-	-	(14,616)
NET CHANGE IN FUND BALANCES	46,769	(14,463)	18,949	51,255
FUND BALANCES				
Beginning of year	328,794	165,723	13,148	507,665
End of year	\$ 375,563	\$ 151,260	\$ 32,097	\$ 558,920

**DANSVILLE SCHOOLS
LONG-TERM OBLIGATIONS
BONDED OBLIGATIONS
JUNE 30, 2025**

\$23,695,000 Bonds issued August 9, 2016:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 600,000	\$ 422,250	\$ 422,250	2026	\$ 1,444,500
625,000	407,250	407,250	2027	1,439,500
675,000	391,625	391,625	2028	1,458,250
700,000	374,750	374,750	2029	1,449,500
750,000	357,250	357,250	2030	1,464,500
775,000	338,500	338,500	2031	1,452,000
800,000	323,000	323,000	2032	1,446,000
825,000	307,000	307,000	2033	1,439,000
875,000	290,500	290,500	2034	1,456,000
900,000	273,000	273,000	2035	1,446,000
950,000	255,000	255,000	2036	1,460,000
975,000	236,000	236,000	2037	1,447,000
1,025,000	216,500	216,500	2038	1,458,000
1,075,000	196,000	196,000	2039	1,467,000
1,100,000	174,500	174,500	2040	1,449,000
1,150,000	152,500	152,500	2041	1,455,000
1,200,000	129,500	129,500	2042	1,459,000
1,250,000	105,500	105,500	2043	1,461,000
1,300,000	80,500	80,500	2044	1,461,000
1,350,000	54,500	54,500	2045	1,459,000
1,375,000	27,500	27,500	2046	1,430,000
<u>\$ 20,275,000</u>	<u>\$ 5,113,125</u>	<u>\$ 5,113,125</u>		<u>\$ 30,501,250</u>

The above bonds have interest rates from 4.0% to 5.0%. The bonds were issued for school building and site purposes.

DANSVILLE SCHOOLS
SCHEDULE OF BORROWINGS - STATE OF MICHIGAN
SCHOOL LOAN REVOLVING FUND PROGRAM
JUNE 30, 2025

Amounts needed for the payment of bond principal and interest in excess of receipts from property taxes are borrowed from the Michigan School Loan Revolving Fund. These loans, together with accrued interest payable thereon, are to be repaid when the debt retirement millage provides funds in excess of the amounts needed to pay current bond maturities and interest. The borrowings from and repayments to the state under this program have been summarized as follows:

Year Ending June 30,	Loan Proceeds (Payment)	Interest Expense (Payments)	Loan Balance (Net Change)
2018	\$ 222,317	\$ 4,791	\$ 227,108
2019	211,987	12,394	224,381
2020	140,152	17,464	157,616
2021	107,179	20,511	127,690
2022	-	(3,908)	(3,908)
2023	-	(34,100)	(34,100)
2024 loan repayment	(243,250)	(13,439)	(256,689)
2025 loan repayment	(293,652)	(3,462)	(297,114)
Total June 30, 2025	<u>\$ 144,733</u>	<u>\$ 251</u>	<u>\$ 144,984</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of
Dansville Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dansville Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Dansville Schools' basic financial statements, and have issued our report thereon dated June 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dansville Schools' 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 Dansville Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Dansville Schools' internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dansville Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

September 15, 2025



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

🖨 517.323.6346

September 15, 2025

To the Board of Education of
Dansville Schools

In planning and performing our audit of the financial statements of Dansville Schools as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Dansville Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving the internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated September 15, 2025 on the financial statements of Dansville Schools. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control, or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows.

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. Dansville Schools has developed a plan to spend down the excess by June 30, 2026.

This report is intended solely for the information and use of management, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner Costerisan PC



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

September 15, 2025

To the Board of Education of
Dansville Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dansville Schools for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Dansville Schools are described in Note 1 to the financial statements. As described in Note 13 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101 *Compensated Absences*, during the year ended June 30, 2025. We noted no transactions entered into by the Dansville Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements of the were:

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management's calculation of the accrued compensated absences is based on current hourly rates, historical usage, and policies regarding payment of sick and vacation banks.

Investments are carried at fair value, which is defined as the amount that the Dansville Schools could reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller and is generally measured by quoted market prices.

The calculation of the net pension liability and related deferred outflows and inflows of resources is based on an actuarial study which utilized certain actuarial assumptions.

The calculation of the net other post-employment benefits asset and related deferred outflows and inflows of resources is based upon an actuarial study which utilized certain actuarial assumptions.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 15, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Dansville Schools financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Dansville Schools auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Education of Dansville Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC