DANSVILLE CENTRAL SCHOOL DISTRICT

NEW YORK

COMMUNICATING INTERNAL CONTROL RELATED MATTERS IDENTIFIED IN AN AUDIT

For Year Ended June 30, 2025

MMB+CO

BUSINESS
ADVISORS
AND CPAS

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September 17, 2025

To the Board of Education
Dansville Central School District, New York

In planning and performing our audit of the financial statements of Dansville Central School District (the District) 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 the District's 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 was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 17, 2025 on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

The District's written responses to the deficiencies identified in our audit have not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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Prior Year Deficiency Pending Corrective Action:

Appropriation of Fund Balance –

The District increased the appropriated fund balance and reserves to $3,939,656 at June 30, 2025, representing approximately 9.3% of the 2025-26 General Fund budget. The appropriation of fund balance at this level necessitates very conservative budgeting in order to avoid a year with a low fund balance causing the tax levy to increase sharply.

District Response –

The District will continue to work on decreasing the use of appropriated fund balance and reserves as a source of revenue to balance its budget. As demonstrated below, the District has decreased its reliance on these revenue sources from approximately 12.2% of the general fund budget for the 2022-23 budget to approximately 8.1% of the general fund budget for the 2024-25 budget, which is over a 4% decrease in three budget cycles.

The 2022-23 budget included $4,710,000 in appropriated fund balance and reserves, representing approximately 12.2% of the 2022-23 general fund budget.

The 2023-24 budget included $3,538,910 in appropriated fund balance and reserves, representing approximately 8.9% of the 2023-24 general fund budget.

The 2024-25 budget includes $3,302,860 in appropriated fund balance and reserves, representing approximately 8.1% of the 2024-25 general fund budget.

The 2025-26 budget includes $3,939,656 in appropriated fund balance and reserves, representing approximately 9.3% of the 2025-26 general fund budget.

The District is working with its fiscal advisors on a Long Range Fiscal Plan and Reserve Plan that will outline long-term use of fund balance and reserve allocations in order to avoid any sudden and significant changes to the tax levy year-to-year.

Current Year Deficiency in Internal Control:

Claims Auditor –

While examining the reports issued by the Claims Auditor we noted several instances where claims were paid prior to approval by the Claims Auditor.

We recommend that management review its policies and procedures over cash disbursements to verify whether the authority exists to issue payments prior to review by the Claims Auditor, when necessary, due to timing or to avoid paying penalties or late fees.

District Response –

The District will review both policy and procedures to decrease the number of claims that are paid prior to approval by the claims auditor. The district pays claims prior to approval from the Claims Auditor when necessary for leases, utilities, health insurance, and emergency situations. This is done to avoid late fees, which places an additional financial burden on taxpayers. The district also does this to avoid having utilities turned off and to ensure that employee health insurance for is not cancelled for late payment. The district will make efforts to ensure that claims receive prior approval from the Claims Auditor prior to issuing payment whenever possible.

Prior Year Recommendations:

The following prior year recommendations have been implemented to our satisfaction:

1. As of year end the District was not holding onto any outstanding checks.

2. The District has reconciled its account for undistributed scholarships in the Miscellaneous Special Revenue Fund.

* * *

We believe that the implementation of these recommendations will provide the District with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, the Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
September 17, 2025