

DANSVILLE CENTRAL SCHOOL DISTRICT

***Corrective Action Plan For
Annual Audit***

For Year Ended June 30, 2026

Prior Year Deficiency Pending Corrective Action:

Appropriation of Fund Balance

The District increased the appropriated fund balance and reserves to \$4,212,703 at June 30, 2026, representing approximately 9.5% of the 2026-27 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's Response

The District acknowledges the finding and remains committed to reducing its long-term reliance on appropriated fund balance and reserves. The increase in 2025-26 and 2026-27, however, reflects planning consistent with the District's Long-Range Financial Plan. The District anticipated significant increases in largely non-discretionary expenditures, including special education programs, services and transportation, employee and retiree health insurance, personnel and contractual obligations, utilities, and fuel. The District's plan recognizes that these costs can grow faster than revenues and supports the strategic use of fund balance and reserves to manage short-term volatility while maintaining fiscal and tax levy stability long-term.

Revenue uncertainty also contributed to the 2026-27 appropriation. At the time the District was required to develop its budget, New York State had announced only a 1% increase in Foundation Aid for the second consecutive year. Because the State budget was enacted late, the District conservatively budgeted based on the information available. The final State budget increased Foundation Aid by 2%, providing an additional \$195,597. Had that amount been known during budget development, appropriated fund balance and reserves would have been approximately 9.1% rather than 9.5%. The District will continue its multi-year planning with its fiscal advisors to reduce reliance on fund balance and reserves while avoiding sudden program reductions or significant year-to-year increases in the tax levy.

Current Year Deficiencies in Internal Control:

IRS Filing

As a result of employee turnover in the Business Office, the District was late filing 1099 forms with the Internal Revenue Service (IRS.) Due to the delay in filing the 1099's, the District could be subject to fees and penalties.

We recommend the District review their current IRS form processing and filing procedures and develop a process to review IRS forms to ensure accurate and timely filing takes place.

District's Response

The District completes its 1099 Forms through EduTech (Genesee Valley and Wayne-Finger Lakes BOCES). Prior to January 2025, EduTech filed Form 1099s with the Internal Revenue Service (IRS) on the District's behalf. This process was changed by EduTech in January 2025. In January 2026, the District's Accounts Payable Clerk retired and a new clerk was appointed. However, the new clerk was not made aware of this change. The new clerk responsible for processing 1099s worked with EduTech to complete the forms with EduTech on time, but did not file them with the Internal Revenue Service (IRS) because she was not aware of the change in responsibility for filing as described above. The District has updated its workflow for Form 1099 and will ensure that it is filed with the Internal Revenue Service by January 31, 2027. Expected Date of Completion: January 31, 2027.

Budget Amendments

During the course of our examination, we noted that the District increased its General Fund budget in the amount of \$20,380 and \$76,214 for insurance recoveries.

We recommend a Board resolution is adopted in support of each budget amendment before it is formally implemented.

District's Response

The District filed a claim with its insurance carrier, Utica National Insurance Group, for wind damage to the second floor roof at Ellis B. Hyde Elementary School. As part of this claim, the District received checks for the insurance

recoveries and promptly processed them and paid the contractors throughout the claim and repair timeline. Moving forward, the District will recommend a Board resolution be adopted in support of each budget amendment before it is formally implemented. Expected Date of Completion: June 30, 2027.

Payroll

During the course of examination, we noted one instance where an employee's timesheet did not agree to the payroll register and as a result of correction was subsequently processed.

We recommend the District review its procedures for data entry and review of employee hours to ensure accuracy.

District's Response

In the instance described above, the employee worked eight hours per day over a two-week period. When totaling the hours worked, the employee wrote down forty hours on her timesheet for the two-week period instead of eighty. This error was not caught by her supervisor or payroll but has since been remediated (paid). The District will review procedures for data entry and review employee hours by closely reviewing submitted timesheets to ensure accuracy. Expected Date of Completion: November 1, 2026.

Contact Person: The contact person for the above corrective action plan is Thomas Frazier, Deputy Superintendent who can be reached at 585-335-4000 or fraziert@dansvillecsd.org.