

DANSVILLE CENTRAL SCHOOL DISTRICT

NEW YORK

**COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT**

For Year Ended June 30, 2026



BUSINESS
ADVISORS
AND CPAS

September 21, 2026

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, 2026, 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 21, 2026 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.

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.

(Current Year Deficiencies in Internal Control) (Continued)

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.

Other Item:

The following item is not considered to be a deficiency in internal control; however, we consider it an other item which we would like to communicate to you as follows:

Overtime Reporting

As a result of the change in legislation, the District is required to calculate and include qualified tax-exempt overtime in the employee's W-2 at the end of this year. Qualified overtime based on the new legislation may be inconsistent with overtime as defined in current contracts. In response, the software companies have provided a fix, however, it may still require a manual review of overtime to ensure the qualified overtime is consistent with the new legislation. The District is currently evaluating this procedure and developing the specific process to be implemented.

Prior Year Recommendation:

The following prior year recommendation has been implemented to our satisfaction:

1. The claims Auditor has reported a substantial decrease in the number of payments processed prior to Claim Auditor authorization, with no instances reported after October 2025.

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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, Baw & Co. LLP

Rochester, New York
September 21, 2026