



BUSINESS
ADVISORS
AND CPAS

November 21, 2025

Board of Education
Mechanicville City School District

We have audited the financial statements of Mechanicville City School District as of and for the year ended June 30, 2025 and have issued our report thereon dated November 21, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 6, 2025, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and *Government Auditing Standards*. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of Mechanicville City School District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting, material weaknesses and material noncompliance, and other matters noted during our audit in a separate letter to you or within the schedule of findings and responses report dated November 21, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable, and experienced Business Manager who reviews draft financial statements, data collection form, and lease adjustments prior to issuance and accepts responsibility for them.

Significant Risks Identified

Professional auditing standards require that we identify and assess risks and design and perform our audit procedures to assess those risks. The identification of a risk does not mean that it has occurred, but rather it has the potential to impact the financial statements. We have identified the following significant risks: management override of controls, financial reporting bias and compliance with the uniform guidance based on their potential significance to the financial statements.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Mechanicville City School District is included in Note 1 to the financial statements. As described in Note 10 to the financial statements, the District changed its method of accounting for compensated absences by adopting GASB statement No. 101, *Compensated Absences*. Implementation of this standard had a significant impact on the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are:

1. Management's estimate of the compensated absences is based upon accumulated sick days, rates of pay and the probability of retirement.
2. Management's estimate of the other postemployment benefits and related deferred inflows/outflows is based on an actuarial calculation provided by a third party.
3. Management's estimate of the net pension asset/liability and deferred outflows/inflows is based on actuarial assumptions provided by the individual state plans.

We evaluated the factors and assumptions used to develop the estimates above and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Mechanicville City School District's financial statements relate to the other postemployment benefits and pension plans.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements we identified as a result of our audit procedures and attached to this letter, were brought to the attention of, and corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Mechanicville City School District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated November 21, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Mechanicville City School District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material

misstatement. None of the matters discussed resulted in a condition to our retention as Mechanicville City School District's auditors.

Modification of the Extraclassroom Activity Fund Auditor's Report

We have modified our extraclassroom activity fund auditor's report for a qualified opinion and emphasis of a matter for basis of accounting.

This report is intended solely for the information and use the Board of Education, and management of Mechanicville City School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Mengel, Metzger, Barr & Co. LLP". The signature is written in a cursive, flowing style.

MENGEL, METZGER, BARR & CO. LLP

**Mechanicville City School District
Listing of Corrected Misstatements
June 30, 2025**

Account	Description	Debit	Credit
General Fund			
To agree fund balance to prior year financial statements			
A 1040	Appropriation of Planned Fund Balance	450,000.00	
A 909	Fund Balance, Unreserved		450,000.00
Total		450,000.00	450,000.00
To correct an entry that client made to write off a valid receivable.			
A 410	State & Federal Aid Receivable	277,688.00	
A 3101.01	NYS Aid-Basic Formula		277,688.00
Total		277,688.00	277,688.00
To remove BOCES encumbrance.			
A 821	Reserve for Encumbrances	235,373.00	
A 909	Fund Balance, Unreserved		235,373.00
		235,373.00	235,373.00
To record interest earned in the capital fund.			
A 2401	Interest & Earnings		
A 5031	Interfund Transfer	243,891.00	
			243,891.00
		243,891.00	243,891.00
To remove an addition to the TRS reserve that was not board approved.			
A 828	Teacher's Retirement Reserve	217,236.00	
A 909	Fund Balance, Unreserved		217,236.00
		217,236.00	217,236.00
School Lunch Fund			
To recognize supply chain assistance revenue.			
C 691	Deferred Revenues	14,032.00	
C 4190.02	Other Fed Aid		14,032.00
Total		14,032.00	14,032.00
Capital Fund			
To record interest earned in the capital fund.			
H 9901.900-00-0000	Transfer to Other Funds	243,891.00	
H 2401	Interest & Earnings		243,891.00
Total		243,891.00	243,891.00
To correct BANs redeemed and book other portions of the bond issuance			
H 1989.400-00-0000	Bond issuance costs	153,923.00	
H 5731	BAN's Redeemed from Appropriations	7,794,831.00	
H 2710	Premium on Obligations		573,754.00
H 5710	Serial Bonds		7,375,000.00
Total		7,948,754.00	7,948,754.00