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Drescher & Malecki
Certified Public Accountants

October 9, 2026

Management and the Board of Education
Gowanda Central School District, New York:

In planning and performing our audit of the basic financial statements of the Gowanda Central School District, New York (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 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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

During our audit we identified certain operational matters and future reporting requirements that are presented for your consideration. This letter does not affect our report dated October 9, 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 the appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized in Exhibit I.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Drescher & Malecki LLP

October 9, 2026

Excess Fund Balance

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4 percent of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4 percent limitation. Under GASB fund balance classifications, the 4 percent limitation is interpreted to be applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance. At June 30, 2026, available fund balance in the District's General Fund exceeded 4 percent of the subsequent year's budgeted appropriations.

We suggest that the District consider appropriating the additional funds in future budgets or the establishment of certain restricted fund balance or increasing current restrictions which would set aside these "one-time" revenues in a reserve to be utilized for future needs of the District. We recommend that the District consult with its legal advisor to ascertain its reserve options, including creating further reserves.

Future Reporting Requirements

The Governmental Accounting Standards Board ("GASB") has adopted new pronouncement, which may have a future impact upon the District. This should be evaluated to determine the extent the District will be impacted in future years.

> ***GASB Statement No. 105***—The District is required to implement GASB Statement No. 105, *Subsequent Events*, effective for the fiscal year ending June 30, 2027. The objective of this Statement is to improve financial reporting related to subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and specifying the information items that are required to be disclosed about subsequent events.