

REPORT TO THE BOARD

**ROCHESTER JOINT SCHOOLS
CONSTRUCTION BOARD**

JUNE 30, 2016



November 28, 2016

To the Members of the Board
Rochester Joint Schools Construction Board
1776 North Clinton Avenue
Rochester, New York 14621

Members of the Board:

We are pleased to present this report related to our audit of the basic financial statements of Rochester Joint Schools Construction Board (the "RJSCB") as of and for the year ended June 30, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the RJSCB's financial reporting process.

This report is intended solely for the information and use of the Board and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the RJSCB.

Very truly yours,

Freed Maxick CPAs, P.C.

Freed Maxick CPAs, P.C.

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated May 2, 2016. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the RJSCB. The RJSCB did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>

Area	Comments
Basis of Accounting	<p data-bbox="797 327 1432 386">Management's Judgments and Accounting Estimates</p> <p data-bbox="797 390 1432 720">Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. The process used by management encompasses their knowledge and experiences about past and current events. Management has informed us they used all the relevant facts available to them at the time to make the best judgements about accounting estimates and we considered this information in the scope of our audit. Management has determined that there are no significant estimates and judgements at this time.</p>
Audit Adjustments	<p data-bbox="797 751 1432 842">The financial statements were prepared on assumption that the entity will continue as a going concern.</p>
Uncorrected Misstatements	<p data-bbox="797 877 1432 936">There were no audit adjustments made to the original trial balance presented to us to begin our audit.</p>
Disagreements with Management	<p data-bbox="797 968 1432 1029">There were no uncorrected misstatements other than misstatements that are clearly trivial.</p>
Consultations with Other Accountants	<p data-bbox="797 1062 1432 1239">We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.</p>
Significant Issues Discussed with Management	<p data-bbox="797 1272 1432 1362">We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p>
Significant Difficulties Encountered in Performing the Audit	<p data-bbox="797 1398 1432 1488">No significant issues arising from the audit were discussed with or the subject of correspondence with management.</p>
Certain Written Communications Between Management and Our Firm	<p data-bbox="797 1520 1432 1579">We did not encounter any significant difficulties in dealing with management during the audit.</p>
	<p data-bbox="797 1608 1432 1698">A copy of certain written communications between our firm and the management of the RJSCB are attached as Exhibit A.</p>

Recently Issued Accounting Pronouncements

The GASB has issued several statements not yet implemented by RJSCB. The RJSCB's management has not yet determined the effect these Statements will have on the RJSCB's financial statements. However, the RJSCB plans to implement all standards by the required dates. The Statements which might impact the RJSCB are as follows:

Summary of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*

This statement issued in June 2015, will be effective for the RJSCB beginning with its fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. It establishes new accounting and financial reporting requirements for OPEB plans.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of GASB Statement No. 75 are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged.

Summary of GASB Statement No. 77, *Tax Abatement Disclosures*

This Statement issued in August 2015, will be effective for the RJSCB beginning with its fiscal year ending June 30, 2017.

The objective of this Statement is to require governments that enter into tax abatement agreements to disclose information about (1) the reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements: (a) Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes and the types of commitments made by tax abatement recipients (b) The gross dollar amount of taxes abated during the period and (c) Commitments made by a government, other than to abate taxes, as part of tax abatement agreement. Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs. Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose: (a) the names of the governments that entered into the agreements (b) the specific taxes being abated and (c) the gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 31, 2015. Earlier application is encouraged.

Exhibit A - Certain Written Communications Between Management and Our Firm

Representation Letter – see attached

Rochester Joint Schools Construction Board



Charles Benincasa, Treasurer
Bob Brown
Ineabelle G. Cruz
Norman Jones
Tom Richards
Mike Schmidt, Vice Chair
Allen Williams, Chair
Brian Sanvidge, ICO
Tom Renauto, Executive Director

November 28, 2016

Freed Maxick CPAs, P.C.
100 Meridian Centre Blvd
Rochester, New York 14618

This representation letter is provided in connection with your audit of the basic financial statements of the Rochester Joint Schools Construction Board (the "RJSCB") as of and for the year ended June 30, 2016 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of the auditor's report:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 2, 2016, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with Rochester City School District having accountability for RJSCB, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:

1776 North Clinton Avenue Rochester, New York 14621

- a. Net position and fund balance classifications.
 - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - c. All significant estimates and material concentrations known to management which are required to be disclosed.
 - d. The effect on the financial statements of GASB Pronouncements that have been issued, but which we have not yet adopted.
 - e. Deposits and investment securities category of risk.
9. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Subpart F of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of the audit.
11. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

12. We have provided you with:
- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing board and committees of board members, or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:
- a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.

18. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
19. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
20. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the RJSCB's ability to record, process, summarize and report financial data.
21. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

23. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
24. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
25. Has identified and disclosed to the auditor there are no instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
26. Has identified and disclosed to the auditor there are no instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
27. Has identified and disclosed to the auditor there are no instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
28. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
29. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
30. Has a process to track the status of audit findings and recommendations.
31. Has identified there are no previous audits, attestation engagements, and other studies related to the audit objectives.
32. Has provided views on the auditor's reported findings, conclusions and recommendations as well as management's planned corrective actions for the report.
33. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating Tom Renauto, Executive Director of Rochester Joint Schools Construction Board, and Cerri Cupples, Director of Accounting at Rochester City School District, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

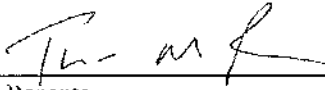
Rochester Joint Schools Construction Board



Allen Williams,
Board Chair



Charles Benincasa,
Treasurer



Tom Renault,
Executive Director