

Rochester Joint Schools Construction Board

REPORT TO THE BOARD

JUNE 30, 2012



January 9, 2013

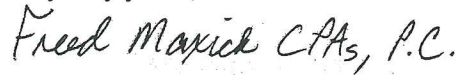
To the Chairman and Members of the Board
Rochester Joint Schools Construction Board
1776 North Clinton Avenue
Rochester, New York 14621

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 (RJSCB) for the year ended June 30, 2012. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for RJSCB's financial reporting process.

This report is intended solely for the information and use of the members 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 regarding this report. We appreciate the opportunity to be of service to RJSCB.

Very truly yours,



Freed Maxick CPAs, P.C.

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Required Communications

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
Auditor's Responsibility Under Professional Standards	Our responsibility 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; has been described to you in our arrangement letter dated May 17, 2012.
Accounting Practices	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by RJSCB. In the current year RJSCB did not adopt any significant new accounting policies nor have there been any changes to existing significant accounting policies during the year. 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. Alternative Treatments Discussed with Management We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.

Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. Management has determined that there are no significant estimates and judgments at this time.

Audit Adjustments

There were no audit adjustments noted during our audit.

Uncorrected Misstatements

There was one uncorrected misstatement noted during our audit, which is summarized in the attached Summary of Uncorrected Misstatements.

Disagreements with Management

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.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management during the audit.

Letter Communicating Other Matters

We have separately communicated other matters identified during our audit of the financial statements, and this communication is included as Exhibit A.

Certain Written Communications Between Management and Our Firm

A copy of certain written communications between our firm and the management of RJSCB are attached as Exhibit B.

Rochester Joint Schools Construction Board
Summary of Unrecorded Misstatements
Year Ended June 30, 2012

During the course of our audit, we accumulated an uncorrected misstatement that was determined by management to be immaterial, both individually and in the aggregate, to the statement and net asset position, and statement of activities and to the related financial statement disclosures. Following is a summary of those differences.

Description	Effect — Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
To adjust overaccrued liabilities.	\$ -	\$ (36,080)	\$ -	\$ -	\$ (36,080)
Prior year	-	-	-	-	-
Total Effect	\$ -	\$ (36,080)	\$ 36,080		

Recently Issued Accounting Standards

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:

GASB Statement No. 61, The Financial Reporting Entity: Omnibus

This Statement issued November 2010 will be effective for the RJSCB beginning with its year ending June 30, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

The requirements of GASB Statement No. 61 are effective for financial statements for periods beginning after June 15, 2012.

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

This Statement issued December 2010 will be effective for the RJSCB beginning with its year ending June 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements."

The requirements of GASB Statement No. 62 are effective for financial statements for periods beginning after December 15, 2011.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

This Statement issued June 2011 will be effective for the RJSCB beginning with its year ending June 30, 2013. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

The requirements of GASB Statement No. 63 are effective for financial statements for periods beginning after December 15, 2011.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*

This Statement issued in April 2012 will be effective for the RJSCB beginning with its year ending June 30, 2014. It establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The requirements of GASB Statement No. 65 are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*

This statement also issued in April 2012 will be effective for the RJSCB beginning with its year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Statement No. 66 amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

This Statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

The requirements of GASB Statement No. 66 are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

EXHIBIT A – LETTER COMMUNICATING OTHER MATTERS

Communication of Other Matters

To the Chairman and Members of the Board
Rochester Joint Schools Construction Board
Rochester, New York

In connection with our audit of the financial statements of the RJSCB as of and for the year ended June 30, 2012, we identified deficiencies in internal control over financial reporting.

A control deficiency 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 deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies in internal controls, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following are descriptions of other matters that we determined did not constitute significant deficiencies or material weaknesses.

RJSCB's written responses to the other matters identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the members of the Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Freed Maxick CPAs, P.C.

Batavia, New York
January 9, 2013

OTHER MATTERS

Investment Policy

Observation

During our audit, we noted that the RJSCB does not have a formal investment policy or financial recording policy in place. While these policies are not required under General Municipal Law for quasi governmental organizations such as the RJSCB, we believe these policies are sound fiscal policies that should be considered for voluntary adoption.

Recommendation

We recommend that the RJSCB implement formal policies, which should include the policies noted above. This will ensure that RJSCB has established proper oversight.

Management Response

For the foreseeable future, the RJSCB has no funds to invest and, accordingly, no need for an investment policy. It has only two current sources of funds. First, Deutsche Bank, as Trustee, holds and invests the proceeds of the Series 2012 Bonds pursuant to the investment instructions set forth in the Indenture. Second, the Rochester City School District provides funding for the RJSCB's administrative expenses, but it disburses the funds directly to the payees and the RJSCB does not hold any fund balance.

Payroll Process and Records

Observation

During our audit we noted that there does not appear to be complete documentation of payroll records, which would include a complete payroll register, quarterly and annual returns filed with Internal Revenue Service (941, 943, W-3, Form W-2s), and employee file information. We are aware the RJSCB hires a third party service provider to process the weekly payroll; however, they are not responsible for maintaining RJSCB's records. In addition, there is no approval of the individual payroll disbursements made. We are aware the Board has approved the salary of the Executive Director, however, it does not appear anyone is reviewing or approving the payroll transactions to ensure they are accurate and consistent with the approved salary terms.

Recommendation

We recommend that RJSCB establish a process or retaining a complete set of records related to payroll transactions. The Internal Revenue Service and the U.S. Department of Labor (DOL) have different record retention requirements, which should be reviewed when establishing a record retention policy. In addition, we recommend the RJSCB implement a formal review and approval process of the payroll disbursements, which could be included as part of the monthly check approval process. This will ensure RJSCB has established proper oversight to detect any potential errors.

Management Response

Pursuant to the contract between the RJSCB and its third party payroll service provider, the RJSCB's payroll records are available to the RJSCB upon request.

In order to address your recommendation that the RJSCB implement a formal review and approval process of the payroll disbursements, the RJSCB will send all payroll disbursement requests to the Chair of the RJSCB at the same time such requests go to the payroll service provider for payment. This will ensure that the Chair of the RJSCB is aware of all payroll disbursements and has an opportunity to question any payments prior to the funds being released.

**EXHIBIT B - CERTAIN WRITTEN COMMUNICATIONS BETWEEN
MANAGEMENT AND OUR FIRM**

Trust earned.



May 17, 2012

Rochester Joint Schools
Construction Board
690 St. Paul Street
Rochester, NY 14605

This letter is to explain our understanding of the arrangements for the services we are to perform for Rochester Joint Schools Construction Board (the RJSCB) for the year ending June 30, 2012. We ask that you either confirm or amend that understanding.

Audit Services

Freed Maxick CPAs, P.C., ("We") will perform an audit of Rochester Joint Schools Construction Board's governmental activities as of and for the year ending June 30, 2012 which collectively comprise the basic financial statements. We understand that these financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. The objective of an audit of financial statements is to express an opinion on those statements.

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, *Government Auditing Standards* do not expect us to provide reasonable assurance of detecting abuse.

You have informed us that you desire us to issue a report on the financial statements of the RJSCB as of and for the year ended June 30, 2012 conforming only to the requirements of auditing standards generally accepted in the United States of America. This reporting will not be used for purposes to comply with a requirement calling for an audit in accordance with *Government Auditing Standards*.

An audit of financial statements also includes obtaining an understanding of the RJSCB and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements, and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to management and the Board of Education any significant deficiencies or material weaknesses that become known to us during the course of the audit.

We will also communicate to the Board of Education (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (b) any illegal acts, violations of provisions of contracts or grant agreements, and abuse that come to our attention (unless they are clearly inconsequential), (c) should any arise, any disagreements with management and other serious difficulties encountered in performing the audit, and (d) various matters related to the RJSCB's accounting policies and financial statements.

In addition to our report on the RJSCB's financial statements, we will also issue the following reports or types of reports:

Report on internal control related to the financial statements. This report will describe the scope of testing of internal control and the results of our tests of internal controls.

Report on compliance with laws, regulations, and the provision of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements.

A schedule of findings and responses.

Our report on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards identified above. Our report on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards identified above.

Rochester Joint Schools Construction Board's Responsibilities

Management is responsible for the financial statements, including the selection and application of accounting policies, adjusting the financial statements to correct material misstatements, and for making all financial records and related information available to us. Management is responsible for providing us with a written management representation letter confirming certain representations made during the course of our audit of the financial statements and affirming to us that it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and to the opinion units of the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.

Management is responsible for identifying and ensuring that the RJSCB complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected

fraud affecting the RJSCB involving management employees who have significant roles in internal control and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the RJSCB received in communication from employees, former employees, analysts, regulators, or others.

Management is also responsible for (a) making us aware of significant vendor relationships where the vendor is responsible for program compliance, (b) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan, and (c) report distribution including submitting the reporting packages.

The Board is responsible for informing us of its views about the risks of fraud within the RJSCB, and its knowledge of any fraud or suspected fraud affecting the RJSCB.

The RJSCB agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the RJSCB agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering. We may conclude that we are not otherwise associated with the proposed offering and that our association with the proposed offering is not necessary, providing the RJSCB agrees to clearly indicate that we are not associated with the contents of the official statement. The RJSCB agrees that the following disclosure will be prominently displayed in the official statement:

Freed Maxick CPAs, P.C. our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Freed Maxick CPAs, P.C., also has not performed any procedures relating to this official statement.

Our association with an official statement is a matter for which separate arrangements will be necessary. The RJSCB agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed.

Because Freed Maxick CPAs, P.C. will rely on the RJSCB and its management and audit committee to discharge the forgoing responsibilities, the RJSCB holds harmless and releases Freed Maxick CPAs, P.C., its directors, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the RJSCB's management which has caused, in any respect, Freed Maxick CPAs, P.C.'s breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

Rochester Joint Schools Construction Board' Records and Assistance

If circumstances arise relating to the conditions of your records, the availability of sufficient, competent evidential matter, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, misappropriation of assets or noncompliance which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

During the course of our engagement, we may accumulate records containing data which should be reflected in your books and records. You will determine that all such data, if necessary, will be so reflected. Accordingly, you will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by your personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Tom Renauto and Cerri Cupples. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, drafting the financial statements, etc.) you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

Other Terms of our Engagement

Our fees are based on the time required by the individuals assigned to the engagement, plus direct expenses. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Our fee for the services described in this letter will not exceed \$6,000, unless the scope of the engagement is changed, the assistance which your personnel has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with you before proceeding. All other provisions of this letter will survive any fee adjustment.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client. Accordingly, the RJSCB agrees it will compensate Freed Maxick CPAs, P.C. for any additional costs incurred as a result of the employment of a partner or professional employee of Freed Maxick CPAs, P.C.

In the event we are requested or authorized by the RJSCB or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the RJSCB, the Rochester Joint Schools Construction Board will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement are the property of Freed Maxick CPAs, P.C. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs and the U.S. General Accounting Office shall have access to the audit documentation upon their request; and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of Freed Maxick CPAs, P.C. audit personnel and at a location designated by our Firm.

We may assist in drafting the RJSCB's financial statements and propose adjustments to the trial balance which are reviewed and approved by management. The draft and the adjustments are the responsibility of management.

The two overarching principles of the independence standards of the *Government Auditing Standards* issued by the Comptroller General of the United States provide that management is responsible for the substantive outcomes of the work and, therefore, has a responsibility and is able to make any informed

judgment on the results of the services described above. Accordingly, the RJSCB agrees to the following:

- Tom Renauto, Executive Director, will be accountable and responsible for overseeing the draft of the financial statements and trial balance adjustments.
- The RJSCB will establish and monitor the performance of the draft of the financial statements and trial balance adjustments to ensure that they meet management's objectives.
- The RJSCB will make any decisions that involve management functions related to the draft of the financial statements and trial balance adjustments and accepts full responsibility for such decisions.
- The RJSCB will evaluate the adequacy of services performed and any findings that result.

Claim Resolution

The Rochester Joint Schools Construction Board and Freed Maxick CPAs, P.C. agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than one year after the date of the audit report issued by Freed Maxick CPAs, P.C. or the date of this arrangement letter if no report has been issued. The Rochester Joint Schools Construction Board waives any claim for punitive damages. Freed Maxick CPAs, P.C.'s liability for all claims, damages and costs of the Rochester Joint Schools Construction Board arising from this engagement is limited to the amount of fees paid by the Rochester Joint Schools Construction Board to Freed Maxick CPAs, P.C. for the services rendered under this arrangement letter.

This letter constitutes the complete and exclusive statement of agreement between Freed Maxick CPAs, P.C. and the Rochester Joint Schools Construction Board, superseding all proposals oral or written and all other communication, with respect to the terms of the engagement between the parties.

Kathryn Barrett will be the engagement director and will assume responsibility for its performance and completion. If this letter defines the arrangements as the RJSCB understands them, please sign and date the enclosed copy and return it to us. We appreciate your business.

Freed Maxick CPAs, P.C.



Kathryn M. Barrett, CPA
Director

Confirmed on behalf of

Rochester Joint Schools Construction Board:



Name



Title



PHILIP VOGEL & CO. PC
CERTIFIED PUBLIC ACCOUNTANTS

12400 COIT ROAD
SUITE 1000
DALLAS, TEXAS 75251-2005
214/346-5800 Fax: 214/346-5899
E-mail: firm@philipvogel.com

SYSTEM REVIEW REPORT

To the Shareholders of
Freed Maxick CPAs, P.C.
(formerly known as Freed Maxick & Battaglia, CPAs, PC)
and the National Peer Review Committee
of the AICPA Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of Freed Maxick CPAs, P.C. (formerly Freed Maxick & Battaglia, CPAs, PC) (the firm) applicable to non-SEC issuers in effect for the year ended June 30, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/Research/Standards/PeerReview/DownloadableDocuments/PRSummary.pdf.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Freed Maxick CPAs, P.C. (formerly Freed Maxick & Battaglia, CPAs, PC) applicable to non-SEC issuers in effect for the year ended June 30, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Freed Maxick CPAs, P.C. (formerly Freed Maxick & Battaglia, CPAs, PC), has received a peer review rating of *pass*.

PHILIP VOGEL & CO., P.C.

Dallas, TX

November 17, 2011

Members: American Institute of Certified Public Accountants • Texas Society of Certified Public Accountants
CPA Associates International, Inc. with Associated Offices in Principal U.S. and International Cities

**Rochester Joint Schools Construction Board
City of Rochester, New York**

January 9, 2013

Freed Maxick CPAs, P.C.
One Evans Street
Batavia, New York 14020

In connection with your audit of the basic financial statements of Rochester Joint Schools Construction Board, (RJSCB) as of and for the year ended June 30, 2012, we confirm, that we are responsible for the fair presentation in the financial statements of financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

We confirm to the best of our knowledge and belief, as of the auditor's report date, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We are a component unit of Rochester City School District, Rochester New York as this term is defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
3. We have identified for you all of our funds and governmental functions.
4. We have properly classified all funds and activities.
5. We have properly determined and reported the major governmental funds based on the required quantitative criteria.
6. We are responsible for compliance with laws and regulations applicable to RJSCB.
7. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
8. We have made available to you:
 - a. All financial records and related data of all funds and activities, including those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.
 - b. All 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.

9. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
10. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting RJSCB received in communications from employees, former employees or others.
12. We have are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data.
13. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
15. The following have been properly reflected and/or disclosed in the financial statements:
 - a. Related party transactions, including those with other organizations for which the nature and significance of their relationship with Rochester City School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, as defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
 - b. Deposits or investment securities category of custodial credit risk.
 - c. Net Position and fund balance classifications.
 - d. Contractual obligations for construction or purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
16. We are responsible for making the accounting estimates included in the financial statements. Those estimates 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.
17. There are no:
 - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.

- c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standards Codification.
 - d. Guarantees, whether written or oral, under which the Board is contingently liable.
 - e. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - f. Line of credit or other similar arrangements.
 - g. Agreements to repurchase assets previously sold.
 - h. Security agreements in effect under the Uniform Commercial Code.
 - i. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - j. Investments to be reported at fair value.
 - k. Liabilities which are subordinated in any way to any other actual or possible liabilities.
 - l. Leases or material amounts of rental obligations under long-term leases.
 - m. Significant estimates known to management which are required to be disclosed in accordance with the the Risks and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the balances sheet date which could change materially within the next year.
 - n. Risk financing activity.
 - o. Special or extraordinary items.
18. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Contingencies Topic of the FASB Accounting Standards Codification and/or GASB Statement No. 10, that is not disclosed in the financial statements.
19. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
20. We have satisfactory title to all owned assets.
21. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
22. Net positions (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balances are properly classified and, if applicable, approved.
23. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
24. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
25. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.

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


1. We are responsible for:
 - a. Compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to RJSCB.
 - b. Establishing and maintaining effective internal control over financial reporting.
2. We have identified and disclosed to you:
 - a. All laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.
 - b. There are no violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
3. We have a process to track the status of audit findings and recommendations.
4. We have reviewed, approved, and take full responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.


No events or transactions, other than those disclosed in the financial statements, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

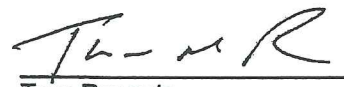
During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

As of and for the Year Ended June 30, 2012. We believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Description	Effect — Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
To adjust overaccrued liabilities.	\$ -	\$ (36,080)	\$ -	\$ -	\$ (36,080)
Prior year	-	-	-	-	-
Total Effect	\$ -	\$ (36,080)	\$ 36,080		


 Lois Giess
 Board Chair


 Brian Roulin
 Treasurer


 Tom Renauto
 Executive Director