

ROCHESTER COMMUNITY SCHOOLS  
2016 SCHOOL BUILDING AND SITE BONDS, SERIES I  
REPORT FOR THE FIFTY-TWO MONTH  
PERIOD ENDED JUNE 30, 2020



January 6, 2021

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Rochester Community Schools

We have audited the accompanying balance sheet and statement of revenues and expenditures and changes in fund balance of the 2016 School Building and Site Bonds, Series I of the Rochester Community Schools (the District) and the related notes to the financial statements for the fifty-two-month period ended June 30, 2020.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

The accompanying financial statements were prepared for the purpose of complying with the provisions of the Revised School Code, Public Act 451 of 1976, as described in Note 2. The presentation is not intended to be a presentation of the District's total revenues and expenditures.

### **Opinion**

In our opinion, the statements referred to above present fairly, in all material respects, the financial position of the 2016 School Building and Site Bonds, Series I of the Rochester Community Schools at June 30, 2020, and the changes in financial position for the fifty-two-month period then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021, on our consideration of Rochester Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rochester Community Schools' internal control over financial reporting and compliance.

*Lewis & Knopf, P.C.*

LEWIS & KNOPF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

ROCHESTER COMMUNITY SCHOOLS  
2016 SCHOOL BUILDING AND SITE BONDS, SERIES I  
BALANCE SHEET  
AS OF JUNE 30, 2020

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|   | <u>Project<br/>Total</u> |
|---|--------------------------|
| <u>ASSETS</u>                             |                          |
| Cash and Cash Equivalents                 | <u>\$0</u>               |
| <u>TOTAL ASSETS</u>                       | <u>\$0</u>               |
| <u>LIABILITIES</u>                        |                          |
| Accounts Payable                          | \$0                      |
| <u>FUND BALANCE - RESTRICTED</u>          | <u>0</u>                 |
| <u>TOTAL LIABILITIES AND FUND BALANCE</u> | <u>\$0</u>               |

See notes to the financial statements.

ROCHESTER COMMUNITY SCHOOLS  
2016 SCHOOL BUILDING AND SITE BONDS, SERIES I  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FIFTY-TWO MONTH PERIOD ENDED JUNE 30, 2020

|  | Project<br>Total |
|--|------------------|
| <u>REVENUES</u>  |                  |
| Earnings on Investments  | \$2,689,262      |
| Miscellaneous Local Revenue  | 322,767          |
| Total Revenues   | \$3,012,029      |
| <u>EXPENDITURES</u>  |                  |
| Capital Outlay:  |                  |
| Purchased Services   | 6,905,666        |
| Building and Site Improvements   | 100,544,372      |
| Non Tech Improvements  | 5,419,717        |
| Equipment/Furniture  | 11,690,032       |
| Transportation/Buses   | 6,149,905        |
| Bond Issuance Costs  | 658,982          |
| Total Expenditures   | \$131,368,674    |
| <u>DEFICIENCY OF REVENUE</u><br><u>(UNDER) EXPENDITURES</u>                    | (\$128,356,645)  |
| <u>OTHER FINANCING SOURCES</u>   |                  |
| Proceeds from Bond Issuance  | 108,725,000      |
| Bond Premium   | 19,631,645       |
| Total Other Financing Sources  | \$128,356,645    |
| <u>EXCESS REVENUES AND OTHER FINANCING</u><br><u>SOURCES OVER EXPENDITURES</u> | \$0              |
| <u>FUND BALANCE - BEGINNING OF PERIOD</u>                                      | 0                |
| <u>FUND BALANCE - END OF PERIOD</u>  | \$0              |

See notes to the financial statements.

ROCHESTER COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS – 2016 SCHOOL BUILDING AND SITE BONDS, SERIES I

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1) REPORTING ENTITY

Rochester Community Schools is comprised of educational and supportive service operations. The District's Board of Education members are elected by the registered voters residing within the District's borders and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. This report includes only the balance sheet and statement of revenues and expenditures of the 2016 School Building and Site Bonds Series I of the District. Its activities are considered to be part of the District and controlled by the Board of Education.

2) CAPITAL PROJECTS DESCRIPTION

General

On November 3, 2015, the qualified electors of the District approved the issuance of general obligation unlimited tax bonds in the amount not to exceed \$185,000,000 (issued in one or more series) for the purpose erecting, furnishing, and equipping additions to and remodeling, furnishing and refurbishing, equipping and re-equipping school facilities for vocational education purposes; acquiring and installing technology; and developing and improving the site.

The District funded the Project with the bond issuance described below:

The District issued the 2016 Series I Bond on February 16, 2016, in the amount of \$128,356,645, including premium of \$19,631,645. The principal and interest on this bond issue is financed primarily from property taxes. The bonds, which bear interest at rates of 4 to 5 percent, are due serially through May 1, 2036.

Basis of Presentation

The accompanying statements have been prepared based on the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Michigan Revised School Code, Public Act 451 of 1976, as amended (MCL 380.1351a) (1) and (2) requires that for bonds issued under that section after May 1, 1994, an independent audit be performed on certain operating results and compliance tests performed related to specified bond activities.

The accompanying statements reflects the activity of the 2016 School Building and Site Bonds Series I recorded in the District's 2016 Bond Capital Projects Fund from the date of the first bond issuance through project completion.



January 6, 2021

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education of  
Rochester Community Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 2016 School Building and Site Bonds Series I of the Rochester Community Schools (the District), as of and for the fifty-two month period ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated January 6, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Rochester Community Schools' internal control over financial reporting (internal control) to determine the 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 Rochester Community School's internal control. Accordingly, we do not express an opinion on the effectiveness of Rochester Community School's internal control.

*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, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rochester Community Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Rochester Community Schools  
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January 6, 2021

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lewis & Knopf, P.C.*

LEWIS & KNOFF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS