



Tuesday, February 16, 2021
Rocketship Public Schools Audit Committee (2020-21 Q3)

Meeting Time: 12:30pm to 1:30pm

Webinar link: <https://rocketshipschools.zoom.us/j/87546553102>

Public Comment: Members of the public can make comment on off-agenda items at the start of the meeting, and on agenda items immediately preceding the board's discussion of each item. Please use the webinar's "raise hand" feature to indicate you would like to make a comment. You will be recognized once the public comment time begins, and will be unmuted by the host and permitted to make comment for a duration of up to 3 minutes.

1. Opening Items

- A. Call to order
- B. Public comment on off-agenda items

2. Consent Items

- A. Approve minutes from November 30, 2020 Audit Committee meeting

3. Agenda Items

- A. FY 2021 Audit calendar
- B. Recommend to the Rocketship Public Schools Board of Directors approval of CliftonLarsenAllen (CLA) as auditor for the fiscal year 2020-21 consolidated audit of Rocketship Education and its affiliated entities
- C. Accounting standards review

4. Adjourn

THE ORDER OF BUSINESS AND TIMINGS MAY BE CHANGED WITHOUT NOTICE: Notice is hereby given that the order of consideration of matters on this agenda may be changed without prior notice, provided that the Board takes action to effectuate such change.

REASONABLE ACCOMMODATION WILL BE PROVIDED FOR ANY INDIVIDUAL WITH A DISABILITY: Pursuant to the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, any individual with a disability who requires reasonable accommodation to attend or participate in this meeting may request assistance by contacting us at compliance@rsed.org.

SPANISH TRANSLATION: If you need Spanish audio translation in order to access the Rocketship Board meeting, please send a request to compliance@rsed.org at least 24 hours before the start of the meeting.

If you would like to make a public comment in Spanish and would like us to translate to English for the Board, please send a request to compliance@rsed.org at least 24 hours before the start of the meeting.

Si necesita traducción de audio al español para acceder a la reunión de la Mesa Directiva de Rocketship, envíe una solicitud a compliance@rsed.org por lo menos 24 horas antes del inicio de la reunión.

Si desea hacer un comentario público en español y desea que lo traduzcamos al inglés para la Mesa Directiva, envíe una solicitud a compliance@rsed.org por lo menos 24 horas antes del inicio de la reunión.

RPS Audit Committee Update February 2021

February 16, 2021



Agenda

- FY21 Audit Calendar
- Auditor Selections and Costs
- Accounting Standards Discussion



Audit Calendar Overview

- **In progress: FY20 990 tax preparation in progress with May filings**
- **Key FY21 dates: Committee and Process**

Audit Committee		Audit Process	
	Due		Due
Board Audit Committee and Updates	12/09/2021	RSED Primary Audit	12/15/2021
Audit Committee Meeting Q3FY21	02/16/2021	RSED Interim CLA audit	05/29/2021
audit committee check in (CLA interim wk)	04/21/2021	DC	10/21/2021
Audit Committee Meeting Q4FY21	05/18/2021	MKE	10/21/2021
Audit Committee Meeting Q1FY22	08/17/2021	TN	12/23/2021
Audit Committee check in (CLA site visit tbd)	10/06/2021	LDC	12/10/2021
Audit Committee Meeting Q2FY22 (tbd)	11/16/2021	RSED 403b	07/31/2021
RSED Dec Board mtg	12/2/2021	Tax Filings	04/22/2022

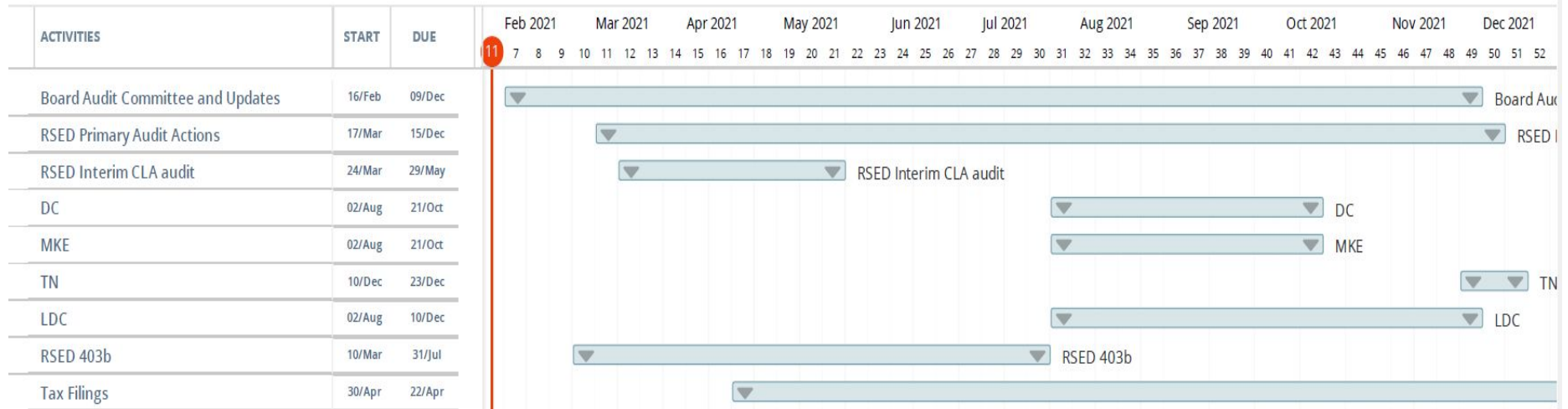
- Recommend shifting 5/18 committee date to align with tax filing approvals
- Recommend review of 11/16 date to confirm adequate time for review of near final consolidated audit materials



Audit Calendar: Detailed Timeline

Audit Calendar FY20-21

Read-only view, generated on 11 Feb 2021



Audit Cost Estimates

Proposed FY21							
	DC	MKE	TN	CA/ Consol	LDC	403b	Total
Clifton Larson Allen			13,440	88,973	27,405	12,300	142,118
-CLA supplements (RRWC, RFA, RDL)				6,000			6,000
Aronson	34,500						34,500
Reilly Penner & Benton		16,850					16,850
							199,468
External Audit Consultant Fees							175,000
Total							374,468

Actual FY20							
	DC	MKE	TN	CA/ Consol	LDC	403b	Total
Clifton Larson Allen			12,475	74,228	26,500	16,100	129,303
-CLA supplements (RRWC, RFA, RDL)				6,000			6,000
Aronson	37,800						37,800
Reilly Penner & Benton		18,500					18,500
							191,603
External Audit Consultant Fees							180,000
Total							371,603



FY21 Auditor Selection Recommendations

- **Clifton Larson Allen**
 - California including separate CA authorizer reports as needed
 - Tennessee
 - Launchpad Development
 - Consolidated Rocketship
 - 403B

- **Aronson**
 - DC entity

- **Reilly Penner & Benton**
 - MKE entity

Long term outlook - recommend consideration of path to single firm



Accounting Standards Discussion

- **ASC 842 status**

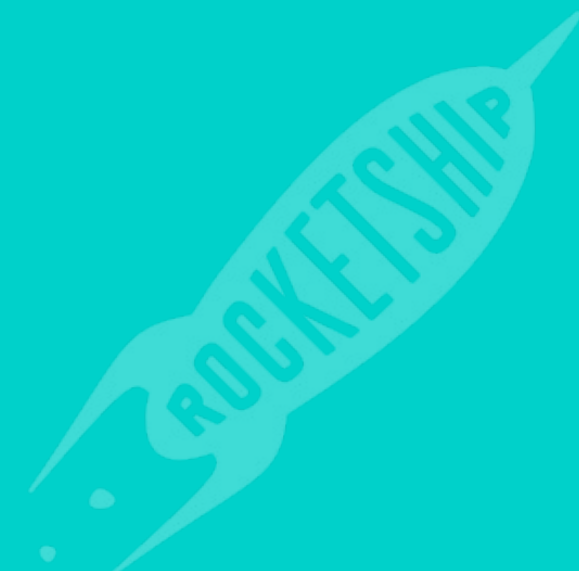
- Adoption of lease standard change ASC 842 delayed another year to FY2022-23 by FASB, due to COVID
- RPS will prepare in FY2021/22, with longer period available for analysis and execution
- RPS will also engage with CLA in FY22 to review process and impact
- Leasequery software and data set up continues in support of standard preparation

- **DC current lease treatment**

- Summary of Issue:
 - Real estate development structure has initial higher cost escalating long term lease with Developer leading to high levels of accrued lease liability
 - Post Launchpad buyout of Developer and bond issuance - lower cost flat rate long term lease, full termination of prior lease and no continuing Developer ownership or involvement
 - RISE and RLP **accrued liabilities currently at \$4.4M contributing to region negative Net Asset position of (-2.8M); Request is that liability should be extinguished as obligation is terminated;**
- Discussions continue with Aronson on current treatment of RISE and now RLP Legacy leases
- CLA engaged to provide updated support for opinions



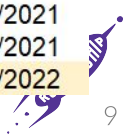
Appendix



Audit : Calendar Detail

Audit Process	Due
RSED Primary Audit Actions	12/15/2021
audit planning call RSED:CLA	03/17/2021
Auditor selection submission authorizers due 3/31	03/26/2021
fiscal year ends	06/30/2021
YE prelim close review	07/30/2021
RSED PBC list received	08/02/2021
YE closing complete	08/31/2021
CA CDE unaudited financials submission	09/15/2021
RSED GL and Financial drafts submitted	09/15/2021
RSED PBC's completed	09/20/2021
July and Aug close submit to Auditors	09/21/2021
RSED and LDC Audit - On site (tbd)	10/05/2021
CLA Draft To RSED	11/10/2021
RSED consolidated audit second draft	11/15/2021
RSED Primary Consolidated Audit Complete and Submitt	11/29/2021
RSED supplemental CA audits drafts	12/06/2021
CA CDE AUDIT DEADLINE	12/15/2021
RSED Interim CLA audit	05/29/2021
RSED CLA interim planning meeting	03/24/2021
CLA Interim audit - data requests received	03/25/2021
Rsed internal credential and data follow up	04/05/2021
RSED Interim Audit - Site Visit (tbd)_	04/21/2021
Audit Com:RSED: CLA check in call Interim (tbd)	04/22/2021
RSED CLA Interim Data /Reports from CLA	05/29/2021

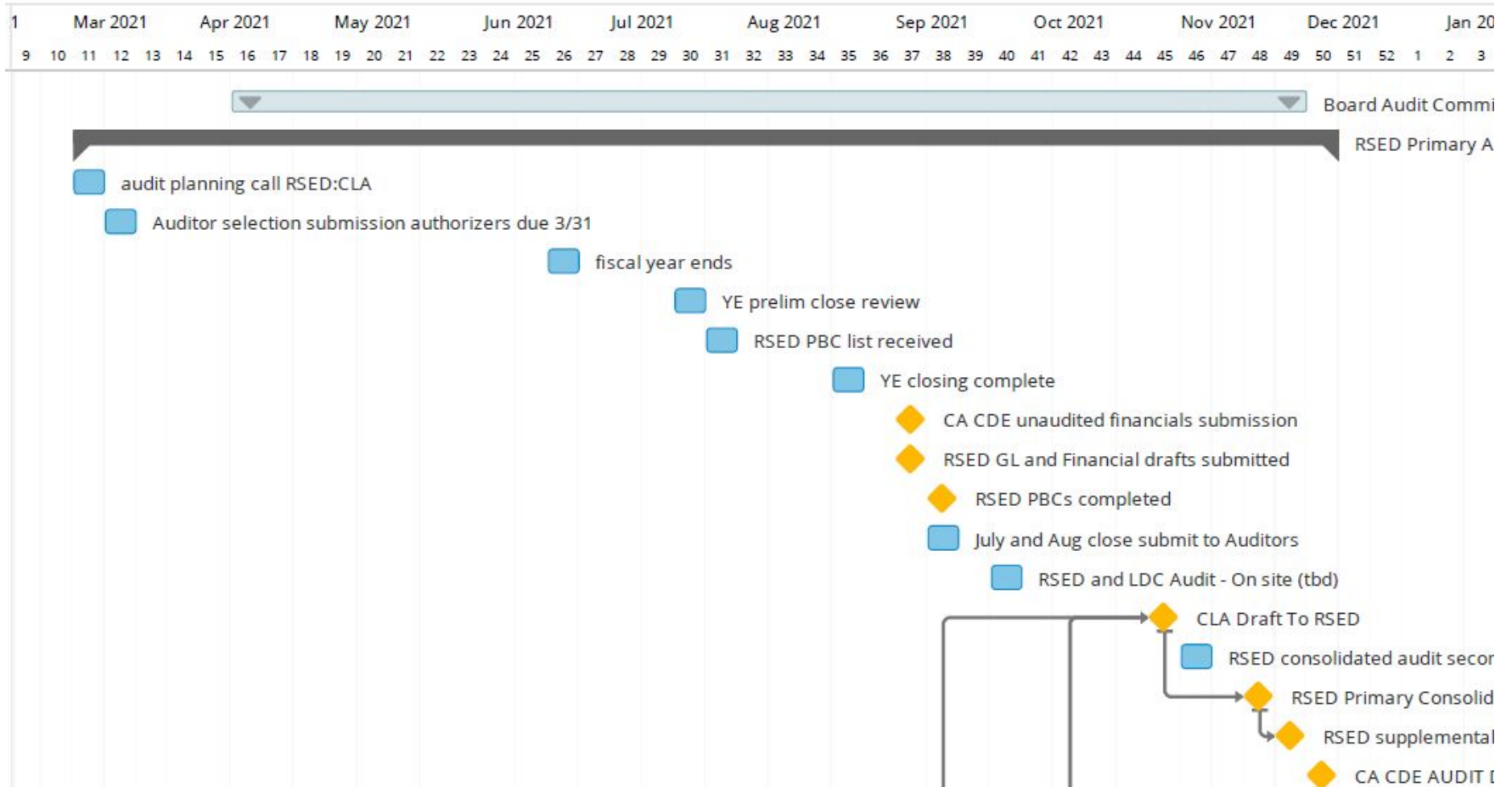
Audit Process	Due
DC	10/21/2021
DC PBC list received	08/02/2021
DC GL and Financials to Aronson	08/25/2021
DC PBCs due	09/01/2021
DC audit 'field' work	09/01/2021
DC draft audit	10/08/2021
DC Aronson final	10/21/2021
MKE	10/21/2021
MKE PBC's list receive	08/02/2021
MKE GL and Financials to RPB	08/25/2021
MKE PBC response	09/01/2021
MKE Penner 'field' audit work (tbd)	09/01/2021
MKE Draft need for CLA	10/08/2021
MKE RPB audit final	10/21/2021
TN	12/23/2021
TN - draft of GASB audit	12/10/2021
TN final submitted	12/20/2021
TN AUDIT DEADLINE 12/31	12/23/2021
LDC	12/10/2021
LDC PBC list received	08/02/2021
LDC GL and draft statements	09/17/2021
LDC PBC complete	09/21/2021
LDC Draft received	11/29/2021
LDC Final to RSED and complete	12/10/2021
RSED 403b	07/31/2021
403b fy20 - compliance testing March	03/10/2021
Compliance testing for Principal HR/Payroll	03/10/2021
403b data to CLA (first data)	03/15/2021
403b data to CLA (plan, and other PBC)	04/23/2021
403b draft to RSED	05/17/2021
403b final financial audit to RSED	07/15/2021
403b 5500 tax	07/31/2021
Tax Filings	04/22/2022



Audit Calendar - Primary

Audit Calendar FY20-21

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Audit Calendar Detail DC MKE TN LDC 403B

