

Rock University High School
(A Charter School and Component Unit of the
School District of Janesville, Wisconsin)

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended June 30, 2020

Rock University High School

(A Charter School and Component Unit of the School District of Janesville, Wisconsin)

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INDEPENDENT AUDITORS' REPORT

To the Governance Council
Rock University High School
Janesville, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Rock University High School, a component unit of the School District of Janesville, Wisconsin, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Rock University High School's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions 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 auditors' 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 over financial reporting relevant to Rock University High School'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 Rock University High School'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 opinions.

To the Governance Council
Rock University High School

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund of Rock University High School as of June 30, 2020, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Rock University High School at June 30, 2020 and the respective change in financial position for the year then ended, and is not intended to be a complete presentation of the School District of Janesville. These financial statements do not purport to and do not present fairly the financial position of the School District of Janesville as of June 30, 2020 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2020 on our consideration of Rock University High School's 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 solely 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 the effectiveness of Rock University High School's 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 Rock University High School's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Milwaukee, Wisconsin
November 11, 2020

BASIC FINANCIAL STATEMENTS

Rock University High School
(A Charter School and Component Unit of the School District of Janesville, Wisconsin)

STATEMENT OF NET POSITION
As of June 30, 2020

ASSETS	Governmental Activities
CURRENT ASSETS	
Due from other governments	\$ 39,863
NONCURRENT ASSETS	
Capital assets being depreciated	403,892
Less: Accumulated depreciation	(309,178)
Net Capital Assets	94,714
Total Assets	134,577
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	7,212
Accrued salaries and wages	64,078
Payroll taxes and withholdings	1,960
Due to district	40,703
Total Liabilities	113,953
NET POSITION	
Net investment in capital assets	94,714
Restricted for donations	1,430
Unrestricted (deficit)	(75,520)
Total Net Position	\$ 20,624

See accompanying notes to the financial statements.

Rock University High School
(A Charter School and Component Unit of the School District of Janesville, Wisconsin)

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	Governmental Activities		
	Expenses	Program Revenue Operating Grants and Contributions	Net (Expense) Revenue and Changes In Net Position
Instruction			
Regular	\$ 295,747	\$ 274,841	\$ (20,906)
Special education	65,852	52,959	(12,893)
Other instruction	2,301	1,850	(451)
Total Instruction	363,900	329,650	(34,250)
Support Services			
Pupil services	36,582	29,420	(7,162)
Instructional support services	89,863	126,553	36,690
Administration	205,500	127,094	(78,406)
Buildings and grounds	619	-	(619)
Pupil transportation	749	-	(749)
Other support services	785	631	(154)
Total Support Services	334,098	283,698	(50,400)
Total Activities	\$ 697,998	\$ 613,348	(84,650)
General Revenues			
Intergovernmental revenue not restricted to specific functions			1,642
Donations			3,295
Total General Revenues			4,937
Change in Net Position			(79,713)
NET POSITION - BEGINNING OF YEAR			100,337
NET POSITION - END OF YEAR			\$ 20,624

See accompanying notes to the financial statements.

Rock University High School
(A Charter School and Component Unit of the School District of Janesville, Wisconsin)

BALANCE SHEET
GOVERNMENTAL FUND
As of June 30, 2020

	<u>General Fund</u>
ASSETS	
Due from other governments	\$ <u>39,863</u>
LIABILITIES AND FUND BALANCES (DEFICIT)	
Liabilities	
Accounts payable	\$ 7,212
Accrued salaries and wages	64,078
Payroll taxes and withholdings	1,960
Due to district	<u>40,703</u>
Total Liabilities	<u>113,953</u>
Fund Balances (Deficit)	
Restricted for donations	1,430
Unassigned (deficit)	<u>(75,520)</u>
Total Fund Balance (Deficit)	<u>(74,090)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 39,863</u>
Reconciliation to Statement of Net Position:	
Total fund balance (deficit) - governmental fund	\$ (74,090)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>94,714</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 20,624</u>

See accompanying notes to the financial statements.

Rock University High School
(A Charter School and Component Unit of the School District of Janesville, Wisconsin)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUND
For the Year Ended June 30, 2020

	General Fund
REVENUES	
Local	\$ 469,106
Interdistrict	4,937
Federal	144,243
Total Revenues	618,286
EXPENDITURES	
Instruction	
Regular	287,434
Special education	64,001
Other instruction	2,236
Total instruction	353,671
Support Services	
Pupil services	35,554
Instructional support services	87,739
Administration	202,507
Buildings and grounds	619
Pupil transportation	749
Other support services	763
Total support services	327,931
Total Expenditures	681,602
Net Change in Fund Balance	(63,316)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(10,774)
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (74,090)

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF JANESVILLE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$	(63,316)
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Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Depreciation expense reported in the statement of activities		<u>(16,397)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(79,713)</u>
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See accompanying notes to the financial statements.

Rock University High School

(A Charter School and Component Unit of the School District of Janesville, Wisconsin)

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Rock University High School

A Charter School and Component Unit of the School District of Janesville, Wisconsin

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Rock University High School (the “School”), a Charter School and Component Unit of the School District of Janesville, Wisconsin (the “District”), conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

Rock University High School, a Charter School and Component Unit of the School District of Janesville, Wisconsin. The School’s charter is held by the School District of Janesville, Wisconsin organized pursuant to Wis. Stat. § 118.40(2m) (a) which authorizes the District to enter into a contract to operate a Charter School within the District.

The basic financial statements of the School present only the balances, activity and disclosures related to the School. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2020, and its changes in financial position, for the year ended in conformity with accounting principles generally accepted in the United States of America.

This report includes all activity of the School. The reporting entity for the School consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity’s financial statements to be misleading. The School has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The School does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Rock University High School

A Charter School and Component Unit of the School District of Janesville, Wisconsin

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements

Financial statements of the School are organized into one fund, which is considered to be a separate accounting entity. The fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows, liabilities, deferred inflows, net position/fund balance, revenues, and expenditures. Major individual governmental funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the School or meets the following criteria:

- a. Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental that the School believes is particularly important to financial statement users may be reported as a major fund.

The School reports one major governmental fund, the general fund, which accounts for the School's primary operating activities. It is used to account for all financial resources.

Rock University High School

A Charter School and Component Unit of the School District of Janesville, Wisconsin

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Rock University High School

A Charter School and Component Unit of the School District of Janesville, Wisconsin

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

1. Deposits and Investments

Investment of School funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The School has not adopted an investment policy. The School, as part of the municipality, is covered under an investment policy adopted by the School District of Janesville. Please refer to the District's financial statements for information regarding the adopted investment policy. This policy does not address custodial credit risk associated with the District's or the School's deposits or investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

2. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$500 for general capital assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Rock University High School

A Charter School and Component Unit of the School District of Janesville, Wisconsin

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

2. Capital Assets (continued)

Government–Wide Statements (continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40	Years
Land improvements	20-30	Years
Machinery and equipment	2-25	Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

3. Equity Classifications

Government–Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definitions of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

Rock University High School

A Charter School and Component Unit of the School District of Janesville, Wisconsin

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

3. Equity Classifications (continued)

Fund Statements

Governmental fund balances are as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution or motion) of the Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Fund balance may be assigned through the following; 1) The School has adopted a financial policy authorizing the School director to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed or assigned for those purposes.

The School considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the School would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Rock University High School

A Charter School and Component Unit of the School District of Janesville, Wisconsin

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCE

Generally accepted accounting principles require disclosure of individual funds that have deficit fund balances at year end.

The general fund had a deficit of \$74,090. This deficit is anticipated to be funded by future local revenues.

NOTE III – DETAILED NOTES ON ALL FUNDS

A. RECEIVABLES

All receivables on the balance sheet are expected to be collected within one year.

B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets being depreciated				
Machinery and equipment	\$ 403,892	\$ -	\$ -	\$ 403,892
Less: Accumulated depreciation for				
Machinery and equipment	(292,781)	(16,397)	-	(309,178)
 Total Governmental Activities Capital Assets, Net of Depreciation	<u>\$ 111,111</u>	<u>\$ (16,397)</u>	<u>\$ -</u>	<u>\$ 94,714</u>

Rock University High School

A Charter School and Component Unit of the School District of Janesville, Wisconsin

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE III – DETAILED NOTES ON ALL FUNDS

B. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities

Instruction	
Regular	\$ 7,167
Special	2,140
Other	140
Support Services	
Pupil services	1,395
Instructional support	2,152
Administration	3,378
Other support	<u>25</u>
Total Governmental Activities Depreciation Expense	<u>\$ 16,397</u>

Rock University High School

A Charter School and Component Unit of the School District of Janesville, Wisconsin

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended June 30, 2020

NOTE IV – OTHER INFORMATION

A. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to, or destruction of assets; errors or omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year. The School is covered under the District's commercial insurance.

B. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are incurred.

C. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following statements:

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*

The statements listed above through Statement No. 91 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

When they become effective, application of these standards may restate portions of these financial statements.

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*

Independent Auditors' Report

To the Governance Council
Rock University High School
Janesville, Wisconsin

We have audited, 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, the financial statements of the governmental activities and the general fund of the Rock University High School (the "School"), a Charter School and Component Unit of the School District of Janesville, Wisconsin, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated November 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rock University High 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as items 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's 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*.

School's Response to Finding

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Baker Tilly US, LLP (formerly known as Baker Tilly Virchow Krause, LLP)
Milwaukee, Wisconsin
November 11, 2020

Rock University High School
(A Charter School and Component Unit of the School District of Janesville, Wisconsin)

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2020

Section I: Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to the financial statements?	<u> </u> yes	<u> X </u> no

Section II: Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

Finding No. 2020-001 - Internal Control over Financial Reporting

Criteria -	Auditing Standards require the communication to the Board of significant deficiencies and material weaknesses in the year end financial reporting process.
Condition/Context -	The District's personnel do not have the necessary technical expertise in governmental accounting and reporting to prepare the District's financial statements in accordance with generally accepted accounting principles. The District has contracted with its auditing firm to perform this service.
Questioned Costs -	Not applicable.
Effect -	Information provided to management throughout the year may not be presented in accordance with generally accepted accounting principles.
Recommendation -	Management should determine if the benefits achieved by resolving this internal control deficiency warrants the additional cost that would be required to remedy the current condition.
District Response and Corrective Action Plan -	Although management does not prepare the financial statements, draft copies of these reports are reviewed and approved prior to their issuance by management. Currently, management has not implemented controls to evaluate and determine whether the financial statements conform to the requirements of accounting principles generally accepted in the United States of America. As such, management will continue to rely on the auditors to assist in preparing the District's financial statements.