

**ROWLETT MIDDLE ACADEMY  
(A CHARTER SCHOOL UNDER  
WILLIAM MONROE ROWLETT ACADEMY  
FOR ARTS & COMMUNICATION, INC.)**

**A CHARTER SCHOOL AND COMPONENT  
UNIT OF THE SCHOOL DISTRICT OF  
MANATEE COUNTY, FLORIDA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER WILLIAM MONROE ROWLETT  
ACADEMY FOR ARTS & COMMUNICATION, INC.)  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA  
FINANCIAL STATEMENTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Rowlett Middle Academy  
(a charter school under William Monroe Rowlett Academy for  
Arts & Communication, Inc.), a charter school and component  
unit of the School District of Manatee County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the general fund, and aggregate remaining fund information of Rowlett Middle Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc., (a charter school and component unit of the School District of Manatee County, Florida), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Rowlett Middle Academy'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.

### **Auditor's 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 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 opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund and aggregate remaining fund information of Rowlett Middle Academy as of June 30, 2020, and the respective 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 Rowlett Middle Academy at June 30, 2020, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of William Monroe Rowlett Academy for Arts & Communication, Inc. These financial statements do not purport to and do not present fairly the financial position of William Monroe Rowlett Academy for Arts & Communication, Inc. 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. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Non-GAAP Basis, Schedules of the Charter School's Proportionate Share of the Net Pension Liability and Schedules of the Charter School's Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rowlett Middle Academy's basic financial statements. The other supplemental information on page 39, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020 on our consideration of Rowlett Middle Academy'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 Rowlett Middle Academy'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 Rowlett Middle Academy's internal control over financial reporting and compliance.

*Christopher, Smith, Leonard  
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

October 15, 2020  
Bradenton, Florida



## **Rowlett Middle Academy**

**For the Performing Arts and Communications**

400 30<sup>th</sup> Street Ave W., Bradenton, Florida 34208

rowlettmiddleacademy.org

Phone: (941) 462- 4001

Mr. Jamara Clark, Principal

Shelbi Ericsson, Assistant Principal

### **MANAGEMENT’S DISCUSSION AND ANALYSIS**

As management of Rowlett Middle Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc., we offer readers of the financial statements this narrative overview and analysis of the financial activities of Rowlett Middle Academy for the fiscal year ended June 30, 2020.

Readers should review this Management’s Discussion and Analysis (MD&A) in addition to the financial statements and the accompanying notes to the financial statements to gain an understanding of Rowlett Middle Academy as an operating entity.

#### **Operating Entity**

Rowlett Middle Academy opened as a middle school in Manatee County in the 2017-2018 school year. During 2017, the School District of Manatee County (the “School District”) approved it as a charter school which operates independently from the School District. Rowlett Middle Academy’s charter is held by William Monroe Rowlett Academy for Arts & Communication, Inc. which incorporated as a not-for-profit corporation. This is Rowlett Middle Academy’s third year of operations.

#### **Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to Rowlett Middle Academy’s financial statements. Rowlett Middle Academy’s basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

#### **Government-wide Financial Statements**

The financial statements are designed to provide readers with a broad overview of Rowlett Middle Academy’s finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of Rowlett Middle Academy’s assets plus deferred outflows less deferred inflows and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Rowlett Middle Academy is improving or deteriorating.

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The mission of Rowlett Middle Academy is to provide a high quality educational experience that will foster a love of learning, promote creativity and excellence in academics by integrating communication, the arts, and leadership through a framework of 21st century learning.

The Statement of Activities presents information showing how Rowlett Middle Academy's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement from some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Rowlett Middle Academy that are principally supported by grants and contributions not restricted to specific programs from other functions that are intended to recover a significant portion of their costs through user fees. The governmental activities of Rowlett Middle Academy include various functions as noted in the Statement of Activities; however, the majority of expenses are charged to the instruction, school administration, pupil personnel services, food services, pupil transportation, community services, and operation of plant functions.

The Statement of Net Position presents information on all of the assets, deferred outflows, deferred inflows, and liabilities as of June 30, 2020. A condensed statement of net position is shown below. Total assets consists mainly of cash and capital assets used to provide services to students. The majority of the liabilities include salaries and benefits payable as well as long-term debt as described in Note 3. As of June 30, 2020, Rowlett Middle Academy had a positive net position of \$992,827, which is the difference between total assets and deferred outflows less total liabilities.

### Condensed Statements of Net Position

	<b>Governmental Activities</b>		
	<b>2020</b>	<b>2019</b>	<b>Change</b>
Current and other assets	\$ 421,886	\$ 540,563	\$ (118,677)
Capital assets	<u>3,326,224</u>	<u>3,152,490</u>	<u>173,734</u>
Total assets	<u>3,748,110</u>	<u>3,693,053</u>	<u>55,057</u>
Deferred outflows - Pension	<u>776,799</u>	<u>52,829</u>	<u>723,970</u>
Current liabilities	517,881	613,819	(95,938)
Noncurrent liabilities	<u>2,969,771</u>	<u>2,248,582</u>	<u>721,189</u>
Total liabilities	<u>3,487,652</u>	<u>2,862,401</u>	<u>625,251</u>
Deferred inflows – Pension	<u>44,430</u>	<u>-0-</u>	<u>44,430</u>
Net Position			
Net investment in capital assets	1,142,613	949,216	193,397
Unrestricted	<u>(149,786)</u>	<u>(65,735)</u>	<u>(84,051)</u>
Total net position	<u>\$ 992,827</u>	<u>\$ 883,481</u>	<u>\$ 109,346</u>

Current assets is largely made up of cash and accounts receivable from the School District. Currently liabilities include accounts payable and accrued expenses. Noncurrent liabilities include a mortgage payable and a net pension liability based on Rowlett Middle Academy's participation in the Florida Retirement System (FRS). The net pension liability increased \$686,669 during 2020 which was offset by increased deferred outflows of \$723,970.



The Statement of Activities presents information showing how Rowlett Middle Academy's net position increased by \$109,346 during the current year. Due to increased enrollment, Rowlett Middle Academy hired additional staff during the year. Revenues are largely a result of state and local revenue based on student allocation and taxes, as well as, revenues from food and community services. A significant portion of expenses are a result of payment of salaries and related benefits to teachers and administrative staff.

### Condensed Statements of Activities

	Governmental Activities		
	2020	2019	Change
<b>Revenues</b>			
Program revenues			
Charges for services	\$ 320,487	\$ 338,368	\$ (17,881)
General revenues			
Grants and contributions not restricted to specific programs	5,391,165	4,282,908	1,108,257
Contribution from Rowlett Family Association	-0-	75,000	(75,000)
Other revenue	<u>10,912</u>	<u>52,746</u>	<u>(41,834)</u>
Total general revenues	<u>5,402,077</u>	<u>4,410,654</u>	<u>991,423</u>
Total revenues	<u>5,722,564</u>	<u>4,749,022</u>	<u>973,542</u>
<b>Expenses</b>			
Instruction	3,284,863	2,281,771	1,003,092
Pupil personnel services	233,411	160,414	72,997
Instructional media services	164,527	62,799	101,728
Instructional staff training	1,023	381	642
General administration	19,499	58,363	(38,864)
School administration	594,248	573,000	21,248
Professional services	75,573	36,654	38,919
Food services	208,454	226,389	(17,935)
Central services	31,942	-0-	31,942
Pupil transportation services	175,002	167,335	7,667
Operation of plant	634,447	575,444	59,003
Community services	67,141	59,825	7,316
Maintenance of plant	18,507	48,580	(30,073)
Interest	<u>104,581</u>	<u>110,457</u>	<u>(5,876)</u>
Total expenses	<u>5,613,218</u>	<u>4,361,412</u>	<u>1,251,806</u>
Change in net position	109,346	387,610	(278,264)
Net Position – Beginning of year	<u>883,481</u>	<u>495,871</u>	<u>387,610</u>
Net Position – End of year	<u>\$ 992,827</u>	<u>\$ 883,481</u>	<u>\$ 109,346</u>

For Rowlett Middle Academy's third school year, revenues increased by \$973,542. Base funding of enrollment increased by approximately \$739,000 due to additional students. Rowlett Middle Academy also received additional revenue from the referendum millage and a class size reduction funds. These increases were offset by decreases as a result of COVID-19 which impacted student lunch and aftercare revenues.

The government-wide financial statements can be found on pages 9 and 10 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Rowlett Middle Academy, like other state and local government component units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The individual generic fund type in Rowlett Middle Academy’s financial statements is a governmental fund. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating Rowlett Middle Academy’s near term financing requirements.

The only governmental fund utilized by Rowlett Middle Academy is the General Fund. The fund balance of the General Fund was in a deficit position of \$90,732 as of June 30, 2020. The General Fund financial statements including reconciliations to the government-wide financial statements can be found on pages 11 through 14 of this report.

Rowlett Middle Academy reports an Agency Fund which is a fiduciary fund type. The fund is custodial in nature (assets equal liabilities) and does not involve the measurement of the results of operations. This fund is used to account for resources of Rowlett Middle Academy’s internal account funds which are used in connection with school, student, class, and club activities. The Agency Fund financial statement can be found on page 15 of this report.

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 16 of this report.

### **Capital Assets**

Below is a schedule of capital assets net of accumulated depreciation as of June 30, 2020 with comparative amounts as of June 30, 2019.

#### **Capital Assets**

	<b>Governmental Activities</b>		
	<b>2020</b>	<b>2019</b>	<b>Change</b>
Land	\$ 454,235	\$ 454,235	\$ -0-
Construction in progress	155,000	-0-	155,000
Leasehold improvements	2,024,571	1,864,063	160,508
Furniture, fixtures and equipment	692,418	834,192	(141,774)
Total (net of depreciation)	<u>\$ 3,326,224</u>	<u>\$ 3,152,490</u>	<u>\$ 173,734</u>

See Note 2 to the financial statements for a detail of the capital asset activity for the year.

## **Debt Administration**

In 2017, William Monroe Rowlett Academy for Arts & Communication, Inc. financed property on behalf of Rowlett Middle Academy with a mortgage with a financial institution in the amount of \$2,135,000. The amount outstanding at June 30, 2020 is \$1,986,390. Rowlett Middle Academy also has capital lease obligations of \$197,221 at June 30, 2020.

Rowlett Middle Academy has recognized its proportionate share of the FRS and HIS net pension liability in accordance with GASB Statement No. 68. At June 30, 2020, the net pension liability recognized by Rowlett Middle Academy was \$686,669.

Rowlett Middle Academy allows retiring employees to be paid their unused balance of PTO from 0% to 50%, depending on length of service. Additionally, twelve-month employees can be paid up to 160 hours of unused vacation time upon retirement. Rowlett Middle Academy reported a liability in the amount of \$99,491 at June 30, 2020 for accrued compensated absences.

See Note 3 to the financial statements for more details on the long-term liabilities.

## **General Fund Budget**

The Board of Directors closely monitors Rowlett Middle Academy's financial performance relative to the budget on a monthly basis. The Board of Directors makes formal budget amendments to approve changes as they monitor the bottom line for the overall financial effect on Rowlett Middle Academy. The original and final budgeted revenues were \$5,867,110 and \$5,741,653, respectively. Original and final budgeted expenditures were \$5,722,602 and \$5,493,365, respectively. Revenues were less than budget by \$19,089 and expenditures were less than budget by \$29,841.

## **Economic Factors and Next Year's Budget**

The Board has approved an operating budget for the 2020-2021 academic year. The original budget demonstrates that Rowlett Middle Academy will have a budgeted increase in fund balance of \$68,854 after debt service and capital outlay costs.

## **Requests for Information**

This financial report is designed to provide a general overview of the Rowlett Middle Academy's finances for those with an interest in the entity's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Rowlett Middle Academy at the William Monroe Rowlett Academy for Arts & Communication, Inc., 400 30<sup>th</sup> Avenue West, Bradenton, Florida 34205.

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER  
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)  
 A CHARTER SCHOOL AND COMPONENT UNIT OF  
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA  
 STATEMENT OF NET POSITION  
 JUNE 30, 2020**

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Current assets	
Cash	\$ 303,289
Accounts and grants receivable	47,981
Accounts receivable – Rowlett Family Association	34,359
Prepaid items	30,092
Total current assets	415,721
Noncurrent assets	
Deposits	6,165
Capital assets, net of accumulated depreciation	3,326,224
Total noncurrent assets	3,332,389
<b>TOTAL ASSETS</b>	<b>\$ 3,748,110</b>
<b>DEFERRED OUTFLOWS OF RESOURCES – Pension</b>	<b>\$ 776,799</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	\$ 63,445
Payable to Rowlett Academy	96,846
Accrued expenses	343,799
Unearned revenue	8,528
Accrued interest	5,263
Total current liabilities	517,881
Noncurrent liabilities	
Due within one year	108,221
Due in more than one year	2,861,550
Total noncurrent liabilities	2,969,771
<b>TOTAL LIABILITIES</b>	<b>\$ 3,487,652</b>
<b>DEFERRED INFLOWS OF RESOURCES – Pension</b>	<b>\$ 44,430</b>
<b>NET POSITION</b>	
Net investment in capital assets	1,142,613
Unrestricted	(149,786)
<b>TOTAL NET POSITION</b>	<b>\$ 992,827</b>

The accompanying notes are an integral part of these financial statements.

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 A CHARTER SCHOOL AND COMPONENT UNIT OF  
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change In Net Position Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$ 3,284,863	\$ -	\$ -	\$ (3,284,863)
Pupil personnel services	233,411	-	-	(233,411)
Instructional media services	164,527	-	-	(164,527)
Instructional staff training	1,023	-	-	(1,023)
General administration	19,499	-	-	(19,499)
School administration	594,248	-	-	(594,248)
Professional services	75,573	-	-	(75,573)
Food services	208,454	212,130	-	3,676
Central services	31,942	-	-	(31,942)
Pupil transportation services	175,002	-	-	(175,002)
Operation of plant	634,447	-	-	(634,447)
Community services	67,141	108,357	-	41,216
Maintenance of plant	18,507	-	-	(18,507)
Interest expense	104,581	-	-	(104,581)
Total Governmental Activities	<u>5,613,218</u>	<u>320,487</u>	<u>-</u>	<u>(5,292,731)</u>
General Revenues:				
Grants and contributions not restricted to specific programs				5,391,165
Other revenue				10,912
Total General Revenue				<u>5,402,077</u>
Change in net position				109,346
Net Position – Beginning of year				<u>883,481</u>
Net Position – End of year				<u><u>\$ 992,827</u></u>

The accompanying notes are an integral part of these financial statements.

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER  
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 A CHARTER SCHOOL AND COMPONENT UNIT OF  
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA  
 BALANCE SHEET – GENERAL FUND  
 JUNE 30, 2020**

<b>ASSETS</b>	
Cash	\$ 303,289
Accounts and grants receivable	47,981
Accounts receivable – Rowlett Family Association	34,359
Prepaid expenses	30,092
Deposits	<u>6,165</u>
TOTAL ASSETS	<u><u>\$ 421,886</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$ 63,445
Payable to Rowlett Academy	96,846
Accrued expenses	343,799
Unearned revenue	<u>8,528</u>
TOTAL LIABILITIES	512,618
 Fund Balance:	
Nonspendable	36,257
Unassigned	<u>(126,989)</u>
TOTAL FUND BALANCES	<u>(90,732)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 421,886</u></u>

The accompanying notes are an integral part of these financial statements.

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER  
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 A CHARTER SCHOOL AND COMPONENT UNIT OF  
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA  
 RECONCILIATION OF THE BALANCE SHEET – GENERAL FUND  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2020**

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Fund Balance – General Fund	\$	(90,732)
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the General Fund		3,326,224
Deferred outflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		776,799
Deferred inflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		(44,430)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund		
Mortgage payable		(1,986,390)
Capital lease obligation		(197,221)
Net pension liability		(686,669)
Accrued interest		(5,263)
Compensated absences		(99,491)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>992,827</u></b>

The accompanying notes are an integral part of these financial statements.

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER  
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)  
 A CHARTER SCHOOL AND COMPONENT UNIT OF  
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCE – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2020**

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Federal through local	\$ 30,847
State through local	4,611,051
Local	1,080,666
Total Revenues	5,722,564
<b>EXPENDITURES</b>	
Current	
Instruction	3,010,005
Pupil personnel services	230,388
Instructional media services	163,252
Instructional staff training	1,023
General administration	19,499
School administration	535,638
Professional services	74,738
Food services	192,405
Central services	31,412
Pupil transportation services	175,002
Operation of plant	620,836
Community services	65,929
Maintenance of plant	18,507
Capital outlay	482,425
Debt service	
Principal payments	220,309
Interest and fiscal charges	104,581
Total Expenditures	5,945,949
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(223,385)
<b>OTHER FINANCING SOURCES (USES)</b>	
Proceeds from capital lease	200,646
Total Other Financing Sources (Uses)	200,646
<b>NET CHANGE IN FUND BALANCE</b>	(22,739)
<b>FUND BALANCE – Beginning of year</b>	(67,993)
<b>FUND BALANCE – End of year</b>	\$ (90,732)

The accompanying notes are an integral part of these financial statements.



**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER  
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 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2020**

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Net change in fund balance – statement of revenues, expenditures and changes in fund balance – General Fund	\$	(22,739)
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Amounts reported for governmental activities in the statement of activities are different because:

The General Fund reports capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions exceeded depreciation expense in the current period.

Capital outlay as capital asset additions	482,425		
Less current depreciation	<u>(308,691)</u>		173,734

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Proceeds from capital lease obligation		(200,646)	
Principal payments on mortgage payable		62,709	
Principal payments on note payable		141,670	
Principal payments on capital lease obligation		15,930	

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the General Fund.

Increase in deferred outflows – pension		723,970	
Increase in deferred inflows – pension		(44,430)	
Increase in net pension liability		(686,669)	
Increase in compensated absences		<u>(54,183)</u>	

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>109,346</u></b>
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STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUND  
JUNE 30, 2020

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash	\$ 110,083
TOTAL ASSETS	<u>\$ 110,083</u>
 <b>LIABILITIES</b>	
Due to clubs	\$ 110,083
TOTAL LIABILITIES	<u>\$ 110,083</u>

The accompanying notes are an integral part of these financial statements.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

Rowlett Middle Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc., operates as a middle school in Bradenton, Florida and is a component unit of the School District of Manatee County, Florida (the “School District”). The charter for Rowlett Middle Academy is held by William Monroe Rowlett Academy for Arts & Communication, Inc. which is a not-for-profit organized pursuant to the Florida Not-for-Profit Corporation Act, Chapter 617, Florida Statutes, with a governing Board of Directors composed of five members.

The basic financial statements of Rowlett Middle Academy present only the balances, activity and disclosures related to Rowlett Middle Academy. They do not purport to, and do not present the financial position of William Monroe Rowlett Academy for Arts & Communication, Inc. as of June 30, 2020, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Rowlett Middle Academy opened as a middle school in the 2017–18 school year in Manatee County. Rowlett Middle Academy is the second charter school operated under William Monroe Rowlett Academy for Arts & Communication, Inc. The other school is Rowlett Academy which is an elementary school.

The general operating authority of Rowlett Middle Academy is contained in Chapter 1002.33, Florida Statutes. Rowlett Middle Academy operates under a charter of the sponsoring School District, the School District of Manatee County, Florida, which is effective through June 30, 2022. Rowlett Middle Academy is considered a component unit of the School District. Upon dissolution or termination of the charter, all of the property, furnishings and equipment purchased with public funds, in part or in whole, automatically revert to the School District.

Basis of Presentation

The financial statements of Rowlett Middle Academy have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as GAAP for state and local governments, including Rowlett Middle Academy.

Government-wide and Fund Financial Statements

Rowlett Middle Academy’s financial statements include both government-wide (reporting on Rowlett Middle Academy as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of Rowlett Middle Academy. The government-wide financial statements present governmental activities only. Rowlett Middle Academy has no business-type activities.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Government-wide and Fund Financial Statements – Continued

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

In the government-wide Statement of Net Position, Rowlett Middle Academy recognizes all long-term assets and receivables as well as long-term liabilities and obligations. Rowlett Middle Academy's net position is reported in three parts (as applicable): (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function (or segment) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 properly included among program revenues are reported instead as general revenues.

The individual generic fund type in Rowlett Middle Academy's financial statements is a governmental fund. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income.

The only governmental fund utilized by Rowlett Middle Academy is the General Fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures. The General Fund is the general operating fund of Rowlett Middle Academy and is used to account for all of its financial resources.

Additionally, Rowlett Middle Academy reports an Agency Fund which is a fiduciary fund type. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of the results of operations. This fund is used to account for resources of Rowlett Middle Academy's internal account funds which are used in connection with school, student, class, and club activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Agency funds are also reported using the accrual basis of accounting. Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Governmental fund financial statements are reported using 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 government considers revenues to be available, if they are collected within 60 days of the end of the current period. When grant terms provide that the expenditure of resources is the determining factor for eligibility for federal, state and other grant resources, revenue is recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Revenues for current operations received from the School District, pursuant to funding provisions included in Rowlett Middle Academy's charter are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by Rowlett Middle Academy.

Cash

Rowlett Middle Academy's cash consists of deposits with financial institutions that are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000. At June 30, 2020 the carrying amount of Rowlett Middle Academy's deposits was \$303,289 and the bank balances were \$360,965. Additionally, at June 30, 2020, the carrying amount of the Agency Fund's deposits was \$110,083 and the bank balances were \$112,940. At year end, Rowlett Middle Academy had bank balances in excess of FDIC limits of \$110,965.

Capital Assets

Capital assets, which include land, buildings, construction in progress, and furniture, fixtures and equipment, are reported in the governmental activities column in the government-wide financial statements and are not reported in the fund financial statements. Capital assets are defined by Rowlett Middle Academy as any asset with an initial cost of more than \$750 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 7 to 15 years for leasehold improvements and 3 to 7 years for furniture, fixtures and equipment.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item qualifies for reporting in this category which is a deferred outflow of pension resources which will be recognized as either pension expense or a reduction of net pension liability in future reporting years. In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. One item qualifies for reporting in this category which is a deferred inflow of pension earnings which will be recognized as a reduction to pension expense in future reporting years.

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

*Fund Balance:* Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which Rowlett Middle Academy is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances are classified as follows:

- *Nonspendable:* Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (1) not in spendable form (i.e., items that are not expected to be converted to cash) or (2) legally or contractually required to be maintained intact. Nonspendable fund balance at June 30, 2020 included prepaid expenses of \$30,092 and deposits of \$6,165, which totals \$36,257.
- *Restricted:* Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Committed:* Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraint imposed by formal action of the Board of Directors. Only the Board of Directors may modify or rescind the commitment.
- *Assigned:* Fund balances are reported as assigned when amounts are constrained by Rowlett Middle Academy’s intent to be used for specific purposes, but are neither restricted nor committed. Currently there is no one employee authorized to assign fund balances. As a result, only the Board of Directors are authorized to make assignments.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Fund Equity – Continued

- *Unassigned:* Fund balances are reported as unassigned as the residual amount when balances do not meet any of the above criterion. Rowlett Middle Academy reports negative unassigned fund balance as of June 30, 2020 in the amount of \$126,989.

*Net Position:* Net position represents the difference between assets plus deferred outflows less liabilities and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations. Net position not reported as net investment in capital assets and restricted net position, is reported as unrestricted net position.

*Flow Assumptions:* When both restricted and unrestricted amounts of fund balance/net position are available for use for expenditures/expenses incurred, it is Rowlett Middle Academy's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is Rowlett Middle Academy's policy to first use committed, assigned and then unassigned.

Budgetary Information

An annual budget was adopted for the General Fund on the modified accrual basis of accounting, except for capital outlay expenditures and proceeds from a capital lease, and is used to account for the activity in the General Fund. Appropriations are controlled at the fund level. All annual appropriations lapse at fiscal year end. Expenditures were less than appropriations in the General Fund in the amount of \$29,841. Revenues were less than budget in the amount of \$19,089.

Revenue Sources

Revenues for current operations are received primarily from the School District, pursuant to the funding provisions included in Rowlett Middle Academy's charter. In accordance with the funding provisions of the charter and Chapter 1002.33(17), Florida Statutes, Rowlett Middle Academy reports the number of full-time equivalent (FTE) students and related data to the School District. Under the provisions of Chapter 1011.62, Florida Statutes, the School District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for Rowlett Middle Academy is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Education Finance Program and the actual weighted full-time equivalent students reported by Rowlett Middle Academy during the designated full-time equivalent student survey periods.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Revenue Sources – Continued

Rowlett Middle Academy also receives Federal, State and local awards for the enhancement of various educational programs. Awards are generally received based on applications submitted to and approved by the respective granting agencies. Rowlett Middle Academy also receives donations and charges for services related to food services and after-care.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) (which includes FRS and HIS) and additions to/deletions from FRS’s fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments in the cost-sharing multi-employer plan are reported at fair value (see Note 8).

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Government activities:				
Capital assets not being depreciated				
Land	\$ 454,235	\$ -0-	\$ -0-	\$ 454,235
Construction in progress	<u>-0-</u>	<u>155,000</u>	<u>-0-</u>	<u>155,000</u>
Total capital assets not being depreciated	<u>454,235</u>	<u>155,000</u>	<u>-0-</u>	<u>609,235</u>
Capital assets being depreciated				
Building and improvements	2,070,009	273,097	-0-	2,343,106
Furniture, fixtures and equipment	<u>1,023,321</u>	<u>54,328</u>	<u>-0-</u>	<u>1,077,649</u>
Total capital assets being depreciated	<u>3,093,330</u>	<u>327,425</u>	<u>-0-</u>	<u>3,420,755</u>
Less accumulated depreciation				
Building and improvements	205,946	112,589	-0-	318,535
Furniture, fixtures and equipment	<u>189,129</u>	<u>196,102</u>	<u>-0-</u>	<u>385,231</u>
Total accumulated depreciation	<u>395,075</u>	<u>308,691</u>	<u>-0-</u>	<u>703,766</u>
Total capital assets being depreciated, Net	<u>2,698,255</u>	<u>18,734</u>	<u>-0-</u>	<u>2,716,989</u>
Governmental activities capital assets, Net	<u>\$3,152,490</u>	<u>\$ 173,734</u>	<u>\$ -0-</u>	<u>\$ 3,326,224</u>



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**NOTE 2 – CAPITAL ASSETS – CONTINUED**

Depreciation expense in the amount of \$308,691 for the year ended June 30, 2020, was allocated to the following governmental functions:

Instruction	\$ 230,019
School administration	51,831
Food services	14,421
Operation of plant	<u>12,420</u>
	<u>\$ 308,691</u>

**NOTE 3 – LONG-TERM LIABILITIES**

During 2017, William Monroe Rowlett Academy for Arts & Communication, Inc. financed the purchase of land and a building for Rowlett Middle Academy with a \$2,135,000 mortgage with a financial institution. The mortgage bears an initial interest rate of 4.5%. Rowlett Middle Academy is required to make equal monthly installments of principal and interest of \$11,867.

On February 16, 2022, the monthly payments and interest will be adjusted to an amount to fully amortize the outstanding principal balance with the final payment due February 16, 2027. Additionally, on February 16, 2022, the interest rate shall be adjusted to a rate equal to the current index, plus 300 basis points. The mortgage is secured with real property and other assets held by William Monroe Rowlett Academy for Arts & Communication, Inc. on behalf of Rowlett Middle Academy.

Future maturities on the mortgage are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 53,716	\$ 88,689	\$ 142,405
2022	54,515	82,762	137,277
2023	53,607	73,415	127,022
2024	56,070	70,952	127,022
2025	58,646	68,376	127,022
2026 – 2027	<u>1,709,836</u>	<u>107,913</u>	<u>1,817,749</u>
	<u>\$ 1,986,390</u>	<u>\$ 492,107</u>	<u>\$ 2,478,497</u>

In accordance with the mortgage agreement, default is defined as (i) failure to pay or perform any obligation, liability or indebtedness of any of obligors to the bank, whether under the mortgage or any other agreement, note or instrument now or hereafter existing, on or before ten (10) days from date due (with certain exceptions); (ii) the failure to pay or perform any other obligation, liability or indebtedness of any obligors, the security for which constitutes an encumbrance on the security for this note; (iii) a proceeding being filed or commenced against any of obligors for dissolution or liquidation, or any of obligors voluntarily or involuntarily terminating or dissolving or being terminated or dissolved; (iv) insolvency of, business failure of, the appointment of a custodian, trustee, liquidator or receiver for or for any of the property of, or an assignment for the benefit of creditors by, or the filing of a petition under bankruptcy, insolvency or debtor's relief law or for any adjustment of indebtedness, of, or an assignment for the benefit of creditors by, or

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**NOTE 3 – LONG-TERM LIABILITIES – CONTINUED**

the filing of a petition under bankruptcy, insolvency or debtor's relief law or for any adjustment of indebtedness, composition or extension by or against any obligors; (v) any attachment, lien or additional security interest being placed upon any of the property which is security for this note; (vi) acquisition at any time or from time to time of title to the whole of or any part of the property which is security for this note by any person, partnership, corporation or other entity other than any of obligors; (vii) bank determining that any representation or warranty made by any of obligors to bank is, or was, untrue or materially misleading; (viii) any default under the security documents, (ix) entry of a judgment against any obligor in excess of \$15,000.00 which is not satisfied, stayed or appealed within thirty (30) days after entry; or, (x) the failure of any obligor to timely provide to bank any financial information required of such obligor pursuant to any document executed by such obligor in connection with this note.

Whenever there is a default under this note (a) the entire balance outstanding hereunder and all other obligations of obligors to bank shall, at the option of the bank, become forthwith due and payable, without presentment, notice, protest or demand of any kind for the payment of the whole or any part hereof (all of which are expressly waived by obligors), and/or (b) to the extent permitted by law, the rate of interest on the unpaid principal shall, at the option of the bank, be increased to the maximum rate allowed by law, or if none, 25% per annum (the "default rate") of which default rate shall be equally applicable to any judgment entered hereon; and/or (c) to the extent permitted by law, a delinquency charge may be imposed in an amount not to exceed five percent (5%) of any installment payment in default for more than ten (10) days. In the case of an event of default for which bank does not accelerate this note, the bank may elect to increase the then applicable interest rate charged hereon by an additional one percent (1.0%) for a period beginning three (3) business days after written notice of such event of default is given to obligor and ending upon curing of the event of default. The bank shall have the right, at its option, during the period for which such event of default remains uncured, to continue to increase the rate charged hereon by an additional one percent (1.0%) for every successive thirty (30) day period for which such event of default continues. On the date the event of default is cured, the interest rate shall revert to the then applicable rate stated herein.

During 2017, William Monroe Rowlett Academy for Arts & Communication, Inc. entered into a note agreement with a financial institution on behalf of Rowlett Middle Academy for renovations to the building purchased and other start-up costs to prepare for the 2017-18 school year. The note allowed draws up to \$425,000 of which \$424,900 was drawn. The note charged interest at the prime rate as identified by the Wall Street Journal plus 1%. The note was secured by the same assets as the mortgage. During 2020 the note was paid in full.

During 2018, Rowlett Middle Academy entered into a capital lease agreement for the purchase of iPads for student use. The lease bears an interest rate of 3% and requires quarterly payments of \$2,628. The initial cost of the iPads was \$29,390 which incurred accumulated depreciation of \$26,940 through June 30, 2020. The net book value of the iPads at June 30, 2020 is \$2,450. The lease expires during the 2021 fiscal year.

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**NOTE 3 – LONG-TERM LIABILITIES – CONTINUED**

During 2020, Rowlett Middle Academy entered into a capital lease agreement for a new chiller in the amount of \$200,646. The lease bears an interest rate of 6.45% and requires monthly payments of \$2,975. The initial cost of the chiller was \$208,319 which incurred accumulated depreciation of \$10,419 through June 30, 2020. The net book value of the chiller at June 30, 2020 is \$197,903.

The present value of the minimum lease payments for both capital leases are as follows:

2021	\$	38,020
2022		35,700
2023		35,700
2024		35,700
2025		35,700
2026–2027		<u>62,475</u>
Total minimum lease payments		243,295
Less amount representing interest		<u>(46,074)</u>
Present value of the minimum lease payments		<u>\$ 197,221</u>

Rowlett Middle Academy allows retiring employees to be paid their unused balance of PTO from 0% to 50%, depending on length of service. Additionally, twelve-month employees can be paid up to 160 hours of unused vacation time upon retirement.

The net pension liability is described in Note 8.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Mortgage payable	\$ 2,049,099	\$ -0-	\$ (62,709)	\$ 1,986,390	\$ 53,716
Note payable	141,670	-0-	(141,670)	-0-	-0-
Capital lease obligations	12,505	200,646	(15,930)	197,221	26,109
Compensated absences	45,308	135,037	(80,854)	99,491	24,623
Net pension liability	<u>-0-</u>	<u>876,563</u>	<u>(189,894)</u>	<u>686,669</u>	<u>3,773</u>
	<u>\$ 2,248,582</u>	<u>\$ 1,212,246</u>	<u>\$ (491,057)</u>	<u>\$ 2,969,771</u>	<u>\$ 108,221</u>

**NOTE 4 – OPERATING LEASES**

Rowlett Middle Academy (Lessor) leases space to a church under operating lease agreements. The Rowlett Middle Academy facility and its related assets are recognized at a cost of \$2,070,009 and is recorded in the government-wide financial statements, net of accumulated depreciation of \$310,919. Rental income under these lease agreements for the year ended June 30, 2020 totaled \$10,912. The lease agreements do not extend beyond the next fiscal year and future minimum rental payments to be received during the year ended June 30, 2021 is \$4,656. As of June 30, 2020, Rowlett Middle Academy received \$8,528 in unearned rental revenue that will be applied towards the amount owed by the church under the current contract and any future contracts.

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**NOTE 5 – RELATED PARTY TRANSACTIONS**

William Monroe Rowlett Academy for Arts & Communication, Inc. operates Rowlett Academy (an elementary school) and Rowlett Middle Academy. As of June 30, 2020, Rowlett Middle Academy owed Rowlett Academy \$96,846. Additionally, at June 30, 2020, Rowlett Middle Academy has a receivable from Rowlett Family Association (RFA), an Agency Fund of Rowlett Academy, of \$34,359.

**NOTE 6 – SCHEDULE OF REVENUE SOURCES**

The following is a schedule of revenue sources and amounts:

Federal through local	
Title II	\$ 9,991
Title IV	8,998
IDEA, Part B, Entitlement	<u>11,858</u>
Subtotal	<u>30,847</u>
State through local	
Base funding of enrollment	3,022,066
ESOL	10,349
Exceptional student education	168,039
Supplemental academic instruction	158,928
Safe schools	38,357
Class size adjustment	554,420
Reading allocation	25,410
Instruction materials	48,703
Transportation	116,391
Florida Teach Lead	11,780
Digital classroom	3,610
Mental health	16,407
Best and brightest	61,966
Charter school capital outlay	324,606
School recognition fund	49,980
Other	<u>39</u>
Subtotal	<u>4,611,051</u>
Local	
After school care	115,655
Food services	204,833
Charter school block grant	243,416
Referendum millage	481,486
Safety and security grant	7,528
Sales tax block grant	15,600
Rental income	10,912
Interest on investments	876
Other	<u>360</u>
Subtotal	<u>1,080,666</u>
Total revenues	<u>\$ 5,722,564</u>

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**NOTE 7 – RISK MANAGEMENT PROGRAMS**

Rowlett Middle Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees for which Rowlett Middle Academy has purchased commercial insurance. Rowlett Middle Academy has not had any reduction in insurance coverage and the amount of claims resulting from these risks has not exceeded insurance coverage for the last three years.

**NOTE 8 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM**

Plan Description

All part-time and full-time permanent employees of Rowlett Middle Academy are provided with pensions through the Florida Retirement System (FRS) which is administered by the Florida Department of Management Services, Division of Retirement. The State of Florida issues a publicly available comprehensive annual financial report. The report is available online and can be obtained using the following link: <http://www.myfloridacfo.com/Division/AA/Reports/default.htm>.

Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes.
- The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes.

Benefits Provided

The FRS provides retirees a lifetime pension benefit with joint and survivor payment options. Benefits under the FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation.

Plan Provisions

**If first employed prior to July 1, 2011:** Normal retirement age for “regular” employees is 62 or 30 years of service and vesting occurs after 6 years of creditable service. The average final compensation is the average of the five highest fiscal years’ earnings.

**If first employed on or after July 1, 2011:** Normal retirement age for “regular” employees is 65 or 33 years of service and vesting occurs after 8 years of creditable service. The average final compensation is the average of the eight highest fiscal years’ earnings.

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**NOTE 8 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED**

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree must provide proof of eligible health insurance coverage, which can include Medicare.

**Contributions Required and Made**

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employees and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into, which require employees to contribute 3% and employers to contribute based on class. Rowlett Middle Academy's contractually required contribution rate for the year ended June 30, 2020 was 8.47% for regular employees and 14.60% for employees in the DROP program of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from Rowlett Middle Academy were \$176,654 for the year ended June 30, 2020, which equaled required contributions and approximated 9.41% of covered payroll.

The HIS Program is funded by required contributions of 1.66% and is included in the contribution rates noted above.

As of June 30, 2020, Rowlett Middle Academy had employee and employer contributions totaling \$19,594 due to the FRS Plan.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At June 30, 2020, Rowlett Middle Academy reported a liability of \$686,669 for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Rowlett Middle Academy's proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, Rowlett Middle Academy's proportion was 0.001347383% for FRS and 0.001989889% for HIS which was consistent with its proportion measured as of June 30, 2018.

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**NOTE 8 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED**

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, Rowlett Middle Academy recognized pension expense of \$201,769. At June 30, 2020, Rowlett Middle Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 27,522	\$ 288	\$ 2,704	\$ 273
Changes in assumptions	119,180	-0-	25,781	18,197
Net difference between projected and actual earnings on pension plan investments	-0-	25,672	144	-0-
Changes in proportion and differences between contributions and proportionate share of contributions	229,040	-0-	177,788	-0-
Rowlett Middle Academy contributions subsequent to the June 30, 2019 measurement date	152,244	-0-	42,396	-0-
	<u>\$ 527,986</u>	<u>\$ 25,960</u>	<u>\$ 248,813</u>	<u>\$ 18,470</u>

Total deferred outflows were \$776,799 and total deferred inflows were \$44,430. \$152,244 (FRS) and \$42,396 (HIS) reported as deferred outflows of resources related to pensions resulting from Rowlett Middle Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	<u>FRS</u>	<u>HIS</u>
2021	\$ 53,529	\$ 26,113
2022	53,531	26,113
2023	53,531	26,113
2024	53,531	26,113
2025	53,531	26,112
Thereafter	82,129	57,383
	<u>\$ 349,782</u>	<u>\$ 187,947</u>

Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation (June 30, 2019 measurement date) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.6 percent
Salary increases	3.25 percent, including inflation
Investment rate of return	6.90 percent, including inflation at 2.60%

Mortality assumptions for the FRS pension plan were based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS program were based on the Generational RP-2000 with Projection Scale BB tables.

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**NOTE 8 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED**

Actuarial Assumptions – Continued

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study performed in 2019 for the period July 1, 2013 – June 30, 2018. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but were based on certain results of the most recent experience study for the FRS Plan.

The long-term expected rate of return on pension plan investments consists of two building block components: 1) a real (in excess of inflation) return of 4.30%, consistent with one capital market outlook model developed in 2019 by the outside investment consultants to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.60% as adopted in October 2019 by the FRS Actuarial Assumptions Conference. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1%	3.3%
Fixed income	18%	4.1%
Global equity	54%	8.0%
Real estate	11%	6.7%
Private equity	10%	11.2%
Strategic investments	6%	5.9%

*Discount Rate*

The discount rate used to measure the total FRS pension liability was 6.90%, and the HIS pension liability was 3.50%. The HIS rate decreased from 3.87% to 3.50% in the most recent actuarial study. The HIS rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following changes in actuarial assumptions occurred in the 2019 valuation:

- FRS: The discount rate and the long-term expected rate of return was decreased from 7.00% to 6.90%. Additionally, the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.
- HIS: The municipal rate used to determine total pension liability decreased from 3.87% to 3.50%.



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**NOTE 8 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED**

Sensitivity of Rowlett Middle Academy’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents Rowlett Middle Academy’s proportionate share of the FRS net pension liability calculated using the discount rate of 6.90%, as well as what Rowlett Middle Academy’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percentage–point lower (5.90 percent) or 1–percentage–point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Rowlett Middle Academy’s proportionate share of the FRS net pension liability	\$ 802,136	\$ 464,020	\$ 181,636

The following presents Rowlett Middle Academy’s proportionate share of the HIS net pension liability calculated using the discount rate of 3.50%, as well as what Rowlett Middle Academy’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percent–point lower (2.50%) or 1–percentage–point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Rowlett Middle Academy’s proportionate share of the HIS net pension liability	\$ 254,165	\$ 222,649	\$ 196,399

Pension Plan Fiduciary Net Position

Rowlett Middle Academy’s proportion of net position has been determined on the same basis as each Plan. Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of Florida comprehensive annual financial report.

Aggregate Information for Retirement Plans

	Deferred Outflows	Net Pension Liability	Deferred Inflows
FRS	\$ 527,986	\$ 464,020	\$ 25,960
HIS	248,813	222,649	18,470
	\$ 776,799	\$ 686,669	\$ 44,430

**NOTE 9– DEFINED CONTRIBUTION RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM**

In addition to Rowlett Middle Academy’s participation in the FRS defined benefit pension plan, some employees of Rowlett Middle Academy have elected to participate in the FRS’ alternative pension plan which is a defined contribution plan officially titled the Florida Retirement System Investment Plan (Investment Plan).

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**NOTE 9- DEFINED CONTRIBUTION RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED**

The Florida Legislature establishes and amends the contribution requirements and benefit terms of the plan. The Investment Plan is administered by the State Board of Administration, which is also the plan sponsor. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for the FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided for total and permanent disability. The member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension, or remain in the Investment Plan and rely on that account balance for retirement income.

Similar to the defined benefit plan, employees are required to contribute 3% and employers are required to contribute based on class. Rowlett Middle Academy's contractually required contribution rate for the year ended June 30, 2020 was 8.47% for regular employees and 14.60% for employees in the DROP program of annual payroll. Contributions are directed to the individual member accounts, and individual members allocate contributions and account balances among various approved investment choices. During 2020, Rowlett Middle Academy employer contributions totaled \$41,340. As of June 30, 2020, Rowlett Middle Academy had employee and employer contributions totaling \$4,596 due to the Investment Plan.

**NOTE 10 – CONTINGENCIES**

Management of Rowlett Middle Academy is evaluating the risks associated with the COVID-19 pandemic. Management of Rowlett Middle Academy is in the process of implementing risk mitigation as to the risk of impact, if any, of COVID-19 related to all aspects of Rowlett Middle Academy's operations. However, Rowlett Middle Academy cannot, at this time, make a determination on the ultimate impacts of the COVID-19 pandemic.

**NOTE 11 – SUBSEQUENT EVENTS**

Rowlett Middle Academy has evaluated all subsequent events through October 15, 2020, the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER  
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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
NON-GAAP BUDGET BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>GENERAL FUND</b>			
	<b>ORIGINAL BUDGET</b>	<b>FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>REVENUES</b>				
Federal through local	\$ 20,977	\$ 31,335	\$ 30,847	\$ (488)
State through local	4,717,168	4,579,513	4,611,051	31,538
Local	1,128,965	1,130,805	1,080,666	(50,139)
Total Revenues	<u>5,867,110</u>	<u>5,741,653</u>	<u>5,722,564</u>	<u>(19,089)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	2,914,940	3,058,309	3,010,005	48,304
Pupil personnel services	218,828	233,127	230,388	2,739
Instructional media services	242,114	165,408	163,252	2,156
Instructional staff training	16,327	-	1,023	(1,023)
General administration	37,711	19,500	19,499	1
School administration	545,822	541,715	535,638	6,077
Professional services	79,961	78,258	74,738	3,520
Food services	244,540	193,843	192,405	1,438
Central services	42,629	31,877	31,412	465
Pupil transportation services	179,147	174,177	175,002	(825)
Operation of plant	707,998	596,448	620,836	(24,388)
Community services	78,178	67,222	65,929	1,293
Maintenance of plant	125,000	27,090	18,507	8,583
Debt service	289,407	306,391	324,890	(18,499)
Total Expenditures	<u>5,722,602</u>	<u>5,493,365</u>	<u>5,463,524</u>	<u>29,841</u>
<b>NET CHANGE IN FUND BALANCE</b>	144,508	248,288	259,040	10,752
<b>FUND BALANCE - Beginning of year</b>	<u>(67,993)</u>	<u>(67,993)</u>	<u>(67,993)</u>	<u>-</u>
<b>FUND BALANCE - End of year</b>	<u><b>\$ 76,515</b></u>	<u><b>\$ 180,295</b></u>	<u><b>\$ 191,047</b></u>	<u><b>\$ 10,752</b></u>

**RECONCILIATION OF DIFFERENCES BETWEEN NON-GAAP BUDGETARY BASIS AND GAAP (MODIFIED ACCRUAL) BASIS**

Rowlett Middle Academy did not budget for capital outlay items during the year and the proceeds from the capital lease. The following schedule reconciles the actual amount on the budget basis to the actual amount on the GAAP basis as presented on page 13.

	<b>Actual On GAAP Basis</b>	<b>To Budgetary Basis</b>	<b>Actual On Budget Basis</b>
Total revenues	\$ 5,722,564	\$ -	\$ 5,722,564
Total expenditures	5,945,949	(482,425)	5,463,524
Excess of revenues over (under) expenditures	<u>(223,385)</u>	<u>482,425</u>	<u>259,040</u>
Other financing sources (uses) - Proceeds from capital lease	200,646	(200,646)	-
Net change in fund balance	<u><b>\$ (22,739)</b></u>	<u><b>\$ 281,779</b></u>	<u><b>\$ 259,040</b></u>

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET

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**NOTE 1 – BUDGETARY INFORMATION**

An annual budget was adopted for the General Fund on the modified accrual basis of accounting, except for capital outlay expenditures and proceeds from a capital lease, and is used to account for the activity in the General Fund. Appropriations are controlled at the fund level. All annual appropriations lapse at fiscal year-end.

Revenues were less than budget in the amount of \$19,089. Expenditures were less than appropriations in the General Fund in the amount of \$29,841.

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 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE  
 NET PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM**

FLORIDA RETIREMENT SYSTEM (FRS)  
 Last Three Fiscal Years \*

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Charter School's proportion of the net pension liability	0.0000000000%	0.0000000000%	0.001347383%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ 464,020
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	22%
Plan fiduciary net position as a percentage of total pension liability	83.89%	84.26%	82.61%

\* - Ultimately, this schedule will contain information for the last ten years.

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 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE  
 NET PENSION LIABILITY – RETIREE HEALTH INSURANCE SUBSIDY**

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)  
 Last Three Fiscal Years \*

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Charter School's proportion of the net pension liability	0.0000000000%	0.0000000000%	0.001989889%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ 222,649
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	11%
Plan fiduciary net position as a percentage of total pension liability	1.64%	2.15%	2.63%

\* – Ultimately, this schedule will contain information for the last ten years.

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 SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM**

FLORIDA RETIREMENT SYSTEM (FRS)  
 Last Three Fiscal Years \*

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution **	\$ -	\$ -	\$ 41,779
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>41,779</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500
Contributions as a percentage of covered payroll	0.00%	0.00%	2.02%

\* - Ultimately, this schedule will contain information for the last ten years.

\*\* - Contributions noted per this schedule are pursuant to the measurement date of the actuarial report.



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SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS – RETIREE HEALTH INSURANCE SUBSIDY**

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RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)  
Last Three Fiscal Years \*

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution **	\$ -	\$ -	\$ 11,050
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>11,050</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500
Contributions as a percentage of covered payroll	0.00%	0.00%	0.53%

\* - Ultimately, this schedule will contain information for the last ten years.

\*\* - Contributions noted per this schedule are pursuant to the measurement date of the actuarial report.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

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## ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS program were based on certain results of the most recent experience study for the FRS pension plan.

The total pension liability for the FRS plan was determined by an actuarial valuation as of July 1, 2019. The total pension liability for the HIS plan was determined by an actuarial valuation as of July 1, 2018 and update procedures were used to determine liabilities as of June 30, 2019. Both plans used the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.90%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension liability for the program. Mortality assumptions for the FRS plan was based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS program were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2019:

- FRS: The discount rate and long-term expected rate of return was decreased from 7.00% to 6.90%. Additionally, the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.
- HIS: The municipal rate used to determine total pension liability decreased from 3.87% to 3.50%.

## OTHER SUPPLEMENTAL INFORMATION

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER  
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)  
 A CHARTER SCHOOL AND COMPONENT UNIT OF  
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
<b>ASSETS</b>				
Cash	\$ 43,914	\$ 285,521	\$ (219,352)	\$ 110,083
TOTAL ASSETS	<u>\$ 43,914</u>	<u>\$ 285,521</u>	<u>\$ (219,352)</u>	<u>\$ 110,083</u>
<b>LIABILITIES</b>				
Due to clubs	\$ 43,914	\$ 285,521	\$ (219,352)	\$ 110,083
TOTAL LIABILITIES	<u>\$ 43,914</u>	<u>\$ 285,521</u>	<u>\$ (219,352)</u>	<u>\$ 110,083</u>

## **OTHER AUDITOR'S REPORTS**

**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 Directors of Rowlett Middle Academy  
(a charter school under William Monroe Rowlett Academy for  
Arts & Communication, Inc.), a charter school and component  
unit of the School District of Manatee County, Florida

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, the general fund, and the aggregate remaining fund information of Rowlett Middle Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc. (a charter school and component unit of the School District of Manatee County, Florida), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Rowlett Middle Academy's basic financial statements, and have issued our report thereon dated October 15, 2020.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Rowlett Middle Academy's internal control over financial reporting (internal control) as a basis for designing 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 Rowlett Middle Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Rowlett Middle Academy'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 Rowlett Middle Academy'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 financial statements. 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*.

## 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.

Christopher, Smith, Leonard  
Bristow & Stanell, P.A.

CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

October 15, 2020  
Bradenton, Florida

## MANAGEMENT LETTER

To the Board of Directors of Rowlett Middle Academy  
(a charter school under William Monroe Rowlett Academy for  
Arts & Communication, Inc.), a charter school and component  
unit of the School District of Manatee County, Florida

### Report on the Financial Statements

We have audited the financial statements of Rowlett Middle Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc. (a charter school and component unit of the School District of Manatee County, Florida) as of and for the fiscal year ended June 30, 2020, and have issued our report thereon dated October 15, 2020.

### Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

### Other Reporting Requirements

We have issued our 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*, and the Schedule of Findings. Disclosures in that report and schedule, which are dated October 15, 2020, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Finding 2020-01 is a continuation of Finding 2019-03 from the previous year. Corrective actions have been taken to address the other findings and recommendations made in the preceding annual financial audit report.

### Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is disclosed in Note 1 of the financial statements. The school code assigned by the Florida Department of Education is 2120.



## Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not Rowlett Middle Academy has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that Rowlett Middle Academy did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Rowlett Middle Academy. It is management's responsibility to monitor Rowlett Middle Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same. While Rowlett Middle Academy is not in a state of financial emergency, the general fund's fund balance was negative at June 30, 2020. See Finding 2020-01 in the Schedule of Findings.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations, other than Finding 2020-01 in the Schedule of Findings.

## Transparency

Sections 10.854(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether Rowlett Middle Academy maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Rowlett Middle Academy maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

## Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

## Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and the School District of Manatee County, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Christopher, Smith, Leonard  
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD  
BRISTOW & STANELL, P.A.

October 15, 2020  
Bradenton, Florida

ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER WILLIAM MONROE ROWLETT  
ACADEMY FOR ARTS & COMMUNICATION, INC.)  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA  
SCHEDULE OF FINDINGS

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2020-01      **General Fund – Fund Balance Deficit**

**Criteria:** In accordance with Florida Statutes and the Rules of the Auditor General, a financial condition assessment was performed as part of our audit.

**Condition:** In conjunction with our financial condition assessment, it was noted that the general fund's unassigned fund balance was in a deficit position.

**Content/Cause:** The deficit position was caused by increased personnel costs and capital outlay expenditures.

**Effect:** Rowlett Middle Academy reported a general fund unassigned deficit fund balance of \$126,989, and total deficit of \$90,732.

**Recommendation:** Rowlett Academy should monitor expenditures and ensure that fund balance reserves and revenues are sufficient to cover expenditures and the needs of the School.



## **Rowlett Middle Academy**

**For the Performing Arts and Communications**

400 30<sup>th</sup> Street Ave W., Bradenton, Florida 34208

rowlettmiddleacademy.org

Phone: (941) 462- 4001

**Mr. Jamara Clark, Principal**

**Shelbi Ericsson, Assistant Principal**

### **Audit Finding 2020-01 Management Response**

We concur with the Auditor's finding. As recommended we will monitor expenditures and amend the 2020-21 annual budget to the extent possible to ensure that fund balance reserves and revenues are sufficient to cover expenditures and the needs of the school.