

**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, 2022

**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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the governmental funds, and the aggregate remaining fund information of Rowlett Middle Academy (the "Charter School"), 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, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the governmental funds, and the aggregate remaining fund information of the Charter School as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

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

**CHRISTOPHER, SMITH,
LEONARD & STANEL, P.A.**

October 31, 2022
Bradenton, Florida



Rowlett Middle Academy

For the Performing Arts and Communications

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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, 2022.

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 fifth 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.

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, 2022. A condensed statement of net position compared to the prior year 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, 2022, Rowlett Middle Academy had a positive net position of \$741,477, which is the difference between total assets and deferred outflows less total liabilities and deferred inflows.

Condensed Statements of Net Position

	Governmental Activities		
	2022	2021	Change
Current and other assets	\$ 1,010,311	\$ 576,982	\$ 433,329
Right-to-use assets	141,368	-	141,368
Capital assets	3,058,057	3,432,672	(374,615)
Total assets	<u>\$4,209,736</u>	<u>\$4,009,654</u>	<u>\$200,082</u>
Deferred outflows	<u>2,243,867</u>	<u>2,454,832</u>	<u>(210,965)</u>
Current liabilities	718,098	610,348	107,750
Noncurrent liabilities	3,525,687	5,096,234	(1,570,547)
Total liabilities	<u>4,243,785</u>	<u>5,706,582</u>	<u>(1,462,797)</u>
Deferred intflows	<u>1,468,341</u>	<u>52,926</u>	<u>1,415,415</u>
Net position (deficit)			
Net investment in capital assets	1,172,218	1,320,200	(147,982)
Restricted	249,531	-	249,531
Unrestricted	(680,272)	(615,222)	(65,050)
Total net position (deficit)	<u>\$ 741,477</u>	<u>\$ 704,978</u>	<u>\$ 36,499</u>

Current and other assets is largely made up of cash and accounts receivable from the School District. Currently liabilities include accounts payable and accrued expenses, including amounts due to Rowlett Academy of \$233,455. 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 decreased \$1,495,691 during 2022 which was in part offset by increased deferred inflows of \$1,415,415. The changes are a result of the investment performance of the FRS program.

The Statement of Activities presents information showing how Rowlett Middle Academy's net position increased by \$36,499 during the current year, which was an improvement of \$324,348. 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		
	2022	2021	Change
Revenues:			
Program revenues:			
Charges for services	\$ 696,417	\$ 326,081	\$ 370,336
	696,417	326,081	370,336
General revenues:			
Grants and contributions not restricted to specific programs	6,242,873	5,876,659	366,214
Other revenue	14,896	15,144	(248)
Total general revenues	6,257,769	5,891,803	365,966
Total revenues	6,954,186	6,217,884	736,302
Expenses:			
Instruction	3,892,232	3,741,184	151,048
Pupil personnel services	396,509	358,142	38,367
Instructional media services	194,324	275,064	(80,740)
Instructional staff training	17,662	3,582	14,080
General administration	18,746	27,891	(9,145)
School administration	667,135	643,300	23,835
Professional services	117,993	95,237	22,756
Food services	282,970	204,957	78,013
Central services	38,528	39,126	(598)
Pupil transportation services	308,052	273,069	34,983
Operation of plant	745,215	678,833	66,382
Community services	82,357	75,428	6,929
Maintenance of plant	37,798	-	37,798
Interest	118,166	89,920	28,246
Total expenses	6,917,687	6,505,733	411,954
Change in net position	36,499	(287,849)	324,348
Net Position – Beginning	704,978	992,827	(287,849)
Net Position – Ending	\$ 741,477	\$ 704,978	\$ 36,499

For Rowlett Middle Academy's fifth school year, revenues increased by \$736,302. Base funding of enrollment increased by \$100,619 due to additional students. Rowlett Middle Academy also received additional revenue for food services of \$280,041 over the prior year. Expenses increased over prior year by \$411,954 due to increased personnel costs.

The government-wide financial statements can be found on pages 10 and 11 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 are governmental funds. 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.

Rowlett Middle Academy has four governmental funds: a General Fund, a Special Revenue Fund, a Capital Projects Fund and a Debt Service Fund. Rowlett Middle Academy has elected to report all four funds as major funds.

The General Fund is the general operating fund of Rowlett Middle Academy. The fund balance of the General Fund reported positive fund balance for the year in the amount of \$47,945, compared to a deficit position of \$28,103 as of June 30, 2021. Revenues in the General Fund increased by \$456,261 due to an increase in base funding of enrollment. Expenditures also increased by \$663,503 due to increased personnel costs.

The Special Revenue Fund accounts for activities of the food service program that serves breakfast and lunches to students. In the prior year, the excess of expenditures over revenues was supported by the General Fund, however, for the year ended June 30, 2022, the Special Revenue Fund had revenues over expenditures of \$249,531. This was due to an increase in food services revenues of \$280,041 offset by an increase in expenditures of \$87,376.

The Capital Projects Fund is used to account for all capital activity. Capital expenditures during the year were \$144,104 and computers and equipment.

The Debt Service Fund is used to account for all proceeds and payments, including interest, related to leases and long-term debt. Debt service for the current year totaled \$173,669.

The governmental fund financial statements including reconciliations to the government-wide financial statements can be found on pages 12 through 15 of this report.

Rowlett Middle Academy also reports Custodial Funds as a fiduciary fund type. Custodial funds are used to account for resources of Rowlett Middle Academy’s internal account funds and funds received from the Rowlett Middle Family Association which are used in connection with school, student, class, and club activities. The Custodial Funds’ financial statements can be found on page 16 and 17 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 18 of this report.

Capital Assets

Below is a schedule of capital assets net of accumulated depreciation as of June 30, 2022 with comparative amounts as of June 30, 2021.

Capital Assets			
	Governmental Activities		
	2022	2021	Change
Land	\$ 454,235	\$ 454,235	\$ -
Construction in progress	65,415	273,589	(208,174)
Leasehold improvements	2,111,973	2,110,233	1,740
Furniture, fixtures and equipment	426,434	594,615	(168,181)
Total (net of depreciation)	<u>\$ 3,058,057</u>	<u>\$ 3,432,672</u>	<u>\$ (374,615)</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, 2022 is \$1,871,075.

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, 2022, the net pension liability recognized by Rowlett Middle Academy was \$1,388,580, which is a decrease over prior year of \$1,495,691 due to investment performance of the Plan.

Effective July 1, 2021, Rowlett Middle Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB No. 87). The implementation resulted in the conversion of a capital lease. The total lease liability under GASB No. 87 at June 30, 2022 was \$145,724.

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

General Fund and Special Revenue Fund Budgets

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.

For the General Fund, the original and final budgeted revenues were \$6,326,668 and \$6,667,376, respectively. Original and final budgeted expenditures were \$5,993,261 and \$6,250,336, respectively. Revenues were less than budget by \$226,606 due to expected Charter School Block Grant proceeds not received during the year. Expenditures were less than budgeted by \$203,387 largely due to personnel cost being less than initially planned.

For the Special Revenue Fund, the original and final budgeted revenues were \$297,500 and \$505,000, respectively. Original and final budgeted expenditures were \$215,321 and \$268,916, respectively. Revenues and expenditures were consistent with the budget.

Economic Factors and Next Year's Budget

The Board has approved an operating budget for the 2022-2023 academic year. The original budget demonstrates that Rowlett Middle Academy will have a budgeted increase in total fund balance of \$226,087 after debt service and capital outlay costs which is expected to eliminate the unassigned deficit in the General Fund.

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 30th Avenue West, Bradenton, Florida 34205.

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 A CHARTER SCHOOL AND COMPONENT UNIT OF
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 STATEMENT OF NET POSITION
 JUNE 30, 2022**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current assets	
Cash	\$ 738,732
Accounts and grants receivable	133,683
Receivable from Rowlett Academy Custodial Funds	35,803
Prepaid expenses	95,928
Total current assets	1,004,146
Noncurrent assets	
Deposits	6,165
Right-to-use asset, net of accumulated amortization	141,368
Capital assets, net of accumulated depreciation	3,058,057
Total noncurrent assets	3,205,590
TOTAL ASSETS	\$ 4,209,736
DEFERRED OUTFLOWS OF RESOURCES – Pension	\$ 2,243,867
LIABILITIES	
Current liabilities	
Accounts payable	\$ 122,560
Payable to Custodial Funds	246
Payable to Rowlett Academy	233,455
Accrued expenses	348,046
Unearned revenue	8,528
Accrued interest	5,263
Total current liabilities	718,098
Noncurrent liabilities	
Due within one year	124,634
Due in more than one year	3,401,053
Total noncurrent liabilities	3,525,687
TOTAL LIABILITIES	\$ 4,243,785
DEFERRED INFLOWS OF RESOURCES – Pension	\$ 1,468,341
NET POSITION	
Net investment in capital assets	1,172,218
Restricted	249,531
Unrestricted	(680,272)
TOTAL NET POSITION	\$ 741,477

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
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022**

	<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	\$ 3,892,232	\$ -	\$ -	\$ (3,892,232)
Pupil personnel services	396,509	-	-	(396,509)
Instructional media services	194,324	-	-	(194,324)
Instructional staff training	17,662	-	-	(17,662)
General administration	18,746	-	-	(18,746)
School administration	667,135	-	-	(667,135)
Professional services	117,993	-	-	(117,993)
Food services	282,970	513,416	-	230,446
Central services	38,528	-	-	(38,528)
Pupil transportation services	308,052	-	-	(308,052)
Operation of plant	745,215	-	-	(745,215)
Community services	82,357	183,001	-	100,644
Maintenance of plant	37,798	-	-	(37,798)
Interest expense	118,166	-	-	(118,166)
Total Governmental Activities	<u>6,917,687</u>	<u>696,417</u>	<u>-</u>	<u>(6,221,270)</u>
General Revenues:				
Grants and contributions not restricted to specific programs				6,242,873
Other revenue				14,896
Total General Revenue				<u>6,257,769</u>
Change in net position				36,499
Net Position – Beginning of year				<u>704,978</u>
Net Position – End of year				<u><u>\$ 741,477</u></u>

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

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 A CHARTER SCHOOL AND COMPONENT UNIT OF
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 BALANCE SHEET – GOVERNMENTAL FUNDS
 JUNE 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
ASSETS					
Cash	\$ 489,201	\$ 249,531	\$ -	\$ -	\$ 738,732
Accounts and grants receivable	133,683	-	-	-	133,683
Receivable from Rowlett Academy Custodial Funds	35,803	-	-	-	35,803
Prepaid expenses	95,928	-	-	-	95,928
Deposits	6,165	-	-	-	6,165
TOTAL ASSETS	\$ 760,780	\$ 249,531	\$ -	\$ -	\$ 1,010,311
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 122,560	\$ -	\$ -	\$ -	122,560
Payable to Custodial Funds	246	-	-	-	246
Payable to Rowlett Academy	233,455	-	-	-	233,455
Accrued expenses	348,046	-	-	-	348,046
Unearned revenue	8,528	-	-	-	8,528
TOTAL LIABILITIES	712,835	-	-	-	712,835
Fund Balances:					
Nonspendable	102,093	-	-	-	102,093
Restricted	-	249,531	-	-	249,531
Unassigned	(54,148)	-	-	-	(54,148)
TOTAL FUND BALANCES	47,945	249,531	-	-	297,476
TOTAL LIABILITIES AND FUND BALANCES	\$ 760,780	\$ 249,531	\$ -	\$ -	\$ 1,010,311

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

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
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 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2022**

Fund Balances – Governmental Funds	\$	297,476
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
The right-to-use asset used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		141,368
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		3,058,057
Deferred outflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		2,243,867
Deferred inflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		(1,468,341)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Mortgage payable		(1,871,075)
Note payable		(10,408)
Lease liability		(145,724)
Net pension liability		(1,388,580)
Accrued interest		(5,263)
Compensated absences		(109,900)
		(1,871,075)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	741,477

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 – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
REVENUES					
Federal through local	\$ 559,701	\$ -	\$ -	\$ -	\$ 559,701
State through local	4,970,767	-	-	-	4,970,767
Local	910,302	513,416	-	-	1,423,718
Total Revenues	6,440,770	513,416	-	-	6,954,186
EXPENDITURES					
Current					
Instruction	3,538,267	-	-	-	3,538,267
Pupil personnel services	384,438	-	-	-	384,438
Instructional media services	188,735	-	-	-	188,735
Instructional staff training	17,662	-	-	-	17,662
General administration	18,746	-	-	-	18,746
School administration	592,300	-	-	-	592,300
Professional services	115,754	-	-	-	115,754
Food services	-	263,885	-	-	263,885
Central services	37,286	-	-	-	37,286
Pupil transportation services	307,902	-	-	-	307,902
Operation of plant	728,622	-	-	-	728,622
Community services	79,439	-	-	-	79,439
Maintenance of plant	37,798	-	-	-	37,798
Capital outlay	-	-	144,104	-	144,104
Debt service					
Principal payments	-	-	-	85,265	85,265
Interest and fiscal charges	-	-	-	88,404	88,404
Total Expenditures	6,046,949	263,885	144,104	173,669	6,628,607
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	393,821	249,531	(144,104)	(173,669)	325,579
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(317,773)	-	144,104	173,669	-
Total Other Financing Sources (Uses)	(317,773)	-	144,104	173,669	-
NET CHANGE IN FUND BALANCES	76,048	249,531	-	-	325,579
FUND BALANCES – Beginning of year	(28,103)	-	-	-	(28,103)
FUND BALANCES – End of year	\$ 47,945	\$ 249,531	\$ -	\$ -	\$ 297,476

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

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A CHARTER SCHOOL AND COMPONENT UNIT OF
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RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net change in fund balance – statement of revenues, expenditures
and changes in fund balance – Governmental Funds

\$ 325,579

Amounts reported for governmental activities in the statement of
activities are different because:

In the statement of activities, the right-to-use asset from a lease
agreement is amortized over the life of the lease. However, the
right-to-use asset is not reported in the governmental funds.

Right-to-use asset additions
Less amortization

171,130
(29,762)

141,368

Governmental funds report 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 depreciation exceeded
capital additions in the current period.

Capital outlay as capital asset additions
Less disposal of capital assets
Less current depreciation

144,104
(192,696)
(326,023)

(374,615)

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.

Principal payments on mortgage payable
Principal payments on lease liability

57,584
27,681

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 governmental funds.

Increase in compensated absences
Increase in deferred outflows – pension
Increase in deferred inflows – pension
Increase in net pension liability

(10,409)
(210,965)
(1,415,415)
1,495,691

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 36,499

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 FIDUCIARY NET POSITION – FIDUCIARY FUNDS
 JUNE 30, 2022**

	Custodial Funds
ASSETS	
Cash	\$ 311,565
Accounts receivable	134
Accounts receivable – Rowlett Middle Academy	246
Accounts receivable – Rowlett Academy Custodial Funds	50,155
TOTAL ASSETS	\$ 362,100
 LIABILITIES	
Accounts payable	\$ 9,153
TOTAL LIABILITIES	\$ 9,153
 NET POSITION	
Restricted for clubs	\$ 352,947
TOTAL LIABILITIES AND NET POSITION	\$ 362,100

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

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 A CHARTER SCHOOL AND COMPONENT UNIT OF
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 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022**

	Custodial Funds
ADDITIONS	
Contributions	\$ 36,497
TOTAL ADDITIONS	36,497
DEDUCTIONS	
Beneficiary payments to clubs	24,452
TOTAL DEDUCTIONS	24,452
Net increase (decrease) in fiduciary net position before transfers	12,045
TRANSFERS	
Transfers in from Rowlett Academy Custodial Funds	109,984
TOTAL TRANSFERS	109,984
Net increase (decrease) in fiduciary net position	122,029
Net position – beginning of year	230,918
Net position – ending	\$ 352,947

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
NOTES TO FINANCIAL STATEMENTS

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, 2022, 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, 2027. 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.

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide and Fund Financial Statements – Continued

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 are governmental funds. 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. Each governmental 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. Rowlett Middle Academy reports the following governmental funds in which have been elected to be reported as major funds:

The General Fund is the general operating fund of Rowlett Middle Academy and is used to account for all of its non-fiduciary financial resources and any activity not related to the other governmental funds.

The Special Revenue Fund accounts for activities of the food service program that serves breakfast and lunches to students.

The Capital Projects Fund is used to account for all capital activity.

The Debt Service Fund is used to account for all proceeds and payments, including interest, related to capital leases and long-term debt.

Additionally, Rowlett Middle Academy reports Custodial Funds which are a fiduciary fund type. The Custodial Funds are 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. Custodial funds are also reported using the accrual basis of accounting.

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NOTES TO FINANCIAL STATEMENTS

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, 2022 the carrying amount of Rowlett Middle Academy's deposits was \$738,732 and the bank balances were \$1,035,837. Additionally, at June 30, 2022, the carrying amount of the Custodial Funds' deposits were \$311,565 and the bank balances were \$312,260. At year end, Rowlett Middle Academy and the Custodial Funds had bank balances in excess of FDIC limits of \$785,837 and \$62,260, respectively.

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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NOTES TO FINANCIAL STATEMENTS

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 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, 2022 included prepaid expenses of \$95,928 and deposits of \$6,165, which totals \$102,093.
- *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. Fund balance as of June 30, 2022 was restricted for food services in the amount of \$249,531.
- *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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NOTES TO FINANCIAL STATEMENTS

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 in the General Fund as of June 30, 2022 in the amount of \$54,148.

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 Rowlett Middle Academy on the modified accrual basis of accounting which is used to account for the activity in the General Fund and Special Revenue Fund. Appropriations are controlled at the fund level and all annual appropriations lapse at fiscal year end.

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.

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.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Change in Accounting Principle

Effective July 1, 2021, Rowlett Middle Academy adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB No. 87), which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, which are solely reported in the Statement of Net Position.

The implementation of this new standard required the initial recognition of a right-to-use asset of \$171,130 with an offsetting lease liability of \$171,130 as of July 1, 2021. The adoption of GASB No. 87 had no effect on net position or fund balance, as initially reported.

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NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CAPITAL ASSETS

Capital asset activity for fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 454,235	\$ -	\$ -	\$ -	\$ 454,235
Construction in progress	273,589	65,415	-	(273,589)	65,415
Total capital assets, not being depreciated	<u>727,824</u>	<u>65,415</u>	<u>-</u>	<u>(273,589)</u>	<u>519,650</u>
Capital assets being depreciated:					
Buildings and improvements	2,561,706	41,792	(208,319)	273,589	2,668,768
Furniture, fixtures and equipment	1,174,701	36,897	-	-	1,211,598
Total capital assets being depreciated	3,736,407	78,689	(208,319)	273,589	3,880,366
Less accumulated depreciation for:					
Buildings and improvements	451,473	120,945	(15,623)	-	556,795
Furniture, fixtures and equipment	580,086	205,078	-	-	785,164
Total accumulated depreciation	<u>1,031,559</u>	<u>326,023</u>	<u>(15,623)</u>	<u>-</u>	<u>1,341,959</u>
Total capital assets, being depreciated, net	<u>2,704,848</u>	<u>(247,334)</u>	<u>(192,696)</u>	<u>273,589</u>	<u>2,538,407</u>
Governmental activities capital assets, net	<u>\$ 3,432,672</u>	<u>\$ (181,919)</u>	<u>\$ (192,696)</u>	<u>\$ -</u>	<u>\$ 3,058,057</u>

Depreciation expense in the amount of \$326,023 for the year ended June 30, 2022, was allocated to the following governmental functions:

Instruction	\$ 242,934
School Administration	54,741
Food Services	15,230
Operation of Plant	13,118
	<u>\$ 326,023</u>

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NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CAPITAL ASSETS – CONTINUED

Rowlett Middle Academy also has recognized a right-to-use asset upon the adoption of GASB No. 87 (see Notes 3 and 4). Right-to-use asset activity for fiscal year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Lease Assets				
Equipment	\$ -	\$ 171,130	\$ -	\$ 171,130
Less accumulated amortization for:				
Equipment	-	(29,762)	-	(29,762)
Total right-to-use assets, net	<u>\$ -</u>	<u>\$ 141,368</u>	<u>\$ -</u>	<u>\$ 141,368</u>

Amortization expense for the year ended June 30, 2022 was \$29,762 and is included in interest expense in the statement of activities.

NOTE 3 – LONG-TERM LIABILITIES

Mortgage Payable

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 (3.01% at June 30, 2022), 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:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 62,163	\$ 78,251	\$ 140,414
2024	64,857	75,557	140,414
2025	67,668	72,746	140,414
2026	70,600	69,814	140,414
2027	1,605,787	44,851	1,650,638
	<u>\$ 1,871,075</u>	<u>\$ 341,219</u>	<u>\$ 2,212,294</u>

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NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

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 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 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.

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NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

Note Payable

During 2020, William Monroe Rowlett Academy for Arts & Communication, Inc. entered into a note agreement with a financial institution on behalf of Rowlett Middle Academy for musical instruments. The note charges interest at an effective rate of 12.3%.

In accordance with the note agreement, default is defined as (a) failure to may payments by their due date, (b) failure to comply with terms and conditions of the agreement, (c) go out of business or become solvent, (d) allow a controlling interest, (e) enter into merger or reorganization, or (f) allow a blocked person to have an ownership interest.

In the case of an event of default, the lender has the right to take any or all of the following actions: (i) authorization of an ACH debit any payments or amounts due. (ii) repossess or disable the products, (iii) file a lawsuit to collect the sum of all past due amounts, future amounts due (at a discounted rate of 3% per annum), plus any other amounts due.

Future maturities on the note payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 3,054	\$ 1,355	\$ 4,409
2024	3,452	957	4,409
2025	3,902	508	4,410
	<u>\$ 10,408</u>	<u>\$ 2,820</u>	<u>\$ 13,228</u>

Compensated absences

Rowlett Middle Academy allows retiring employees to be paid their unused balance of PTO from 0% to 100%, depending on length of service. Additionally, twelve-month employees can be paid up to 480 hours of unused vacation time upon retirement.

The lease liability is described in Note 4 and the net pension liability is described in Note 6.

Compensated absences are liquated from the General Fund. All other long-term liabilities are liquated from the Debt Service Fund.

Long-term liability activity during the year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
Mortgage payable	\$ 1,928,659	\$ -	\$ (57,584)	1,871,075	\$ 62,163
Note payable	10,408	-	-	10,408	3,054
Lease liability	173,405	-	(27,681)	145,724	27,092
Compensated absences	99,491	150,270	(139,861)	109,900	27,475
Net pension liability	2,884,271	1,396,393	(2,892,084)	1,388,580	4,850
	<u>\$ 5,096,234</u>	<u>\$ 1,546,663</u>	<u>\$ (3,117,210)</u>	<u>\$ 3,525,687</u>	<u>\$ 124,634</u>

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NOTE 4 – LEASES

During 2020, Rowlett Middle Academy entered into a 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 lease expense for the year ended June 30, 2022 was as follows:

Lease expense		
Amortization expense by class of underlying asset		
Equipment	\$	29,762
Total amortization expense		29,762
Interest on lease liability		10,296
Total lease expense	\$	40,058

Future minimum lease payments for this lease are as follows:

Year Ending June 30	Principal	Interest	Total Payments
2023	\$ 27,092	\$ 8,608	\$ 35,700
2024	28,892	6,808	35,700
2025	30,812	4,888	35,700
2026	32,859	2,841	35,700
2027	26,069	706	26,775
	\$ 145,724	\$ 23,851	\$ 169,575

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NOTE 5 – SCHEDULE OF REVENUE SOURCES

The following is a schedule of revenue sources and amounts:

Federal through local		
IDEA, Part B, Entitlement	\$	16,366
Title IV		11,042
CARES Act		16,900
ESSER II		515,393
		559,701
State through local		
Base funding of enrollment		3,279,516
ESOL		13,254
Exceptional student education		181,399
Supplemental academic instruction		161,098
Safe Schools		39,698
Class size adjustment		596,641
Reading allocation		25,732
Instruction materials		49,926
Transportation		118,030
Florida Teach Lead		11,952
Digital Classroom		1,442
Mental Health		26,386
Charter School Capital Outlay		351,539
Teacher Salary Allocation		113,092
Other		1,062
		4,970,767
Local		
After school care		183,001
Food services		513,416
Charter School Block Grant		69,854
Referendum Millage		603,318
Sales Tax Block Grant		14,890
Rental income		14,896
Grants		12,673
Interest on investments		54
Other		11,616
		1,423,718
Total Revenues	\$	6,954,186

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NOTE 6 – 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 annual comprehensive financial report that can be obtained at:

<https://www.myfloridacfo.com/transparency/state-financial-reports/FL-ACFR>

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.

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.

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NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

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, 2022 was 10.82% for regular employees and 18.34% 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 \$226,250 for the year ended June 30, 2022, which equaled required contributions and approximated 10.82% 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, 2022, Rowlett Middle Academy had employee and employer contributions totaling \$22,376 due to the FRS Plan.

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

At June 30, 2022, Rowlett Middle Academy reported a liability of \$1,388,580 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021, Rowlett Middle Academy's proportion was 0.005417027% for FRS and 0.007984225% for HIS which was consistent with its proportion measured in the previous year.

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NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

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

Pertaining to the June 30, 2021 measurement, Rowlett Middle Academy recognized pension expense of \$416,415. Additionally, 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	\$ 70,137	\$ –	\$ 32,773	\$ 410
Changes in assumptions	279,991	–	76,958	40,353
Net difference between projected and actual earnings on pension plan investments	–	1,427,578	1,021	–
Change in proportion and differences between contributions and proportionate share of contributions	904,124	–	593,140	–
Rowlett Academy contributions subsequent to the June 30, 2020 measurement date	235,892	–	49,831	–
	<u>\$ 1,490,144</u>	<u>\$ 1,427,578</u>	<u>\$ 753,723</u>	<u>\$ 40,763</u>

Total deferred outflows were \$2,243,867 and total deferred inflows were \$1,468,341. \$235,892 (FRS) and \$49,831 (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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	FRS	HIS
2023	\$ (65,472)	\$ 103,659
2024	(65,472)	103,659
2025	(65,472)	103,659
2026	(65,472)	103,659
2027	(65,470)	103,661
Thereafter	154,032	144,832
	<u>\$ (173,326)</u>	<u>\$ 663,129</u>

Actuarial Assumptions

The total pension liability in the July 1, 2021 actuarial valuation (June 30, 2021 measurement date) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, including inflation
Investment rate of return	6.80 percent, including inflation at 2.40%

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NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions – Continued

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-2010 with Projection Scale MP-2018 tables.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study performed in 2020 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 the 4.17 percent real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2021 by the FRS Actuarial Assumption 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	1.0%	2.2%
Fixed income	20.0%	3.8%
Global equity	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%

Discount Rate

The discount rate used to measure the total FRS pension liability was 6.80%, and the HIS pension liability was 2.16%. The HIS rate decreased from 2.21% to 2.16% 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.

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NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions – Continued

The following changes in actuarial assumptions occurred in the 2021 valuation:

- FRS: The maximum amortization period was decreased to 20 years for all current and future amortization bases.
- HIS: The municipal rate used to determine total pension liability was decreased from 2.21% to 2.16%.

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 6.80%, 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 or 1–percentage–point higher than the current rate:

	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
Rowlett Middle Academy’s proportionate share of the FRS net pension liability	\$ 1,829,947	\$ 409,195	(\$ 778,394)

The following presents the Rowlett Middle Academy’s proportionate share of the HIS net pension liability calculated using the discount rate of 2.16%, 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 or 1–percentage–point higher than the current rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Rowlett Middle Academy’s proportionate share of the HIS net pension liability	\$ 1,132,264	\$ 979,385	\$ 854,135

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	\$ 1,490,144	\$ 409,195	\$ 1,427,578
HIS	753,723	979,385	40,763
	\$ 2,243,867	\$ 1,388,580	\$ 1,468,341

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NOTE 7- 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) administered by the State Board of Administration (SBA).

The Florida Legislature establishes and amends the contribution requirements and benefit terms of the plan. The Investment Plan is reported in the SBA's annual financial statements.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Retirement benefits are based upon the value of the member's account upon retirement. The Investment Plan is funded with the same employer and employee contribution rates that are based on the salary and membership class as the FRS defined benefit plan. The Investment Plan member directs the investment from the options offered under the plan. 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, 2022 was 10.82% for regular employees and 18.34% 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 2022, Rowlett Middle Academy employer contributions totaled \$98,803. As of June 30, 2022, Rowlett Middle Academy had employee and employer contributions totaling \$14,777 due to the Investment Plan.

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NOTE 8 – RELATED PARTY TRANSACTIONS

William Monroe Rowlett Academy for Arts & Communication, Inc. operates Rowlett Academy (an elementary school) and Rowlett Middle Academy, which like Rowlett Middle Academy has Custodial Funds. At June 30, 2022, Rowlett Middle Academy owed Rowlett Academy \$233,455.

Rowlett Middle Academy has a receivable from the Rowlett Academy Custodial Funds of \$35,803.

Additionally, the Rowlett Middle Academy owed its own Custodial Funds \$246 as of June 30, 2022.

The Custodial Funds had a receivable at June 30, 2022 from Rowlett Academy Custodial Funds of \$50,155 and received transfers during the year of \$109,984.

NOTE 9 – 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 10 – SUBSEQUENT EVENTS

Rowlett Middle Academy has evaluated all subsequent events through October 31, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Federal through local	\$ 550,912	\$ 523,681	\$ 559,701	\$ 36,020
State through local	4,731,256	4,961,220	4,970,767	9,547
Local	1,044,500	1,182,475	910,302	(272,173)
Total Revenues	<u>6,326,668</u>	<u>6,667,376</u>	<u>6,440,770</u>	<u>(226,606)</u>
EXPENDITURES				
Current				
Instruction	3,473,485	3,596,504	3,538,267	58,237
Pupil personnel services	385,311	416,197	384,438	31,759
Instructional media services	243,300	266,540	188,735	77,805
Instructional staff training	30,160	36,110	17,662	18,448
General administration	19,146	19,146	18,746	400
School administration	542,164	572,029	592,300	(20,271)
Professional services	145,014	133,404	115,754	17,650
Central services	36,948	37,648	37,286	362
Pupil transportation services	309,825	323,054	307,902	15,152
Operation of plant	630,350	643,871	728,622	(84,751)
Community services	73,958	79,958	79,439	519
Maintenance of plant	103,600	125,875	37,798	88,077
Total Expenditures	<u>5,993,261</u>	<u>6,250,336</u>	<u>6,046,949</u>	<u>203,387</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	333,407	417,040	393,821	(23,219)
OTHER FINANCING SOURCES (USES)				
Transfers, net	-	-	(317,773)	(317,773)
NET CHANGE IN FUND BALANCE	333,407	417,040	76,048	(340,992)
FUND BALANCE - Beginning of year	(28,103)	(28,103)	(28,103)	-
FUND BALANCE - End of year	<u>\$ 305,304</u>	<u>\$ 388,937</u>	<u>\$ 47,945</u>	<u>\$ (340,992)</u>

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 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2022**

SPECIAL REVENUE FUND				
REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Local	\$ 297,500	\$ 505,000	\$ 513,416	\$ 8,416
Total Revenues	297,500	505,000	513,416	8,416
EXPENDITURES				
Current				
Food services	215,321	268,916	263,885	5,031
Total Expenditures	215,321	268,916	263,885	5,031
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	82,179	236,084	249,531	13,447
OTHER FINANCING SOURCES (USES)				
Transfers, net	-	-	-	-
NET CHANGE IN FUND BALANCE	82,179	236,084	249,531	13,447
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	\$ 82,179	\$ 236,084	\$ 249,531	\$ 13,447

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
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET

NOTE 1 – BUDGETARY INFORMATION

An annual budget was adopted for Rowlett Middle Academy on the modified accrual basis of accounting. The budget included the activities of the General Fund and Special Revenue Fund. Appropriations are controlled at the fund level and all annual appropriations lapse at fiscal year-end.

General Fund revenues were less than of budget in the amount of \$226,606 due to expected Charter School Block Grant proceeds not received during the year. Expenditures were less than budget in the amount of \$203,387, largely due to personnel cost being less than initially planned.

Special Revenue Fund revenues were in excess of budget in the amount of \$8,416 and expenditures were less than budget in the amount of \$5,031.

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

FLORIDA RETIREMENT SYSTEM (FRS)
Last Five Fiscal Years *

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Charter School's proportion of the net pension liability	0.000000000%	0.000000000%	0.001347383%	0.004582146%	0.005417027%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ 464,020	\$ 1,985,970	\$ 409,195
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638	\$ 2,091,037
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	22%	98%	20%
Plan fiduciary net position as a percentage of total pension liability	83.89%	84.26%	82.61%	78.85%	96.40%

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

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Charter School's proportion of the net pension liability	0.000000000%	0.000000000%	0.001989889%	0.007357194%	0.007984225%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ 222,649	\$ 898,301	\$ 979,385
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638	\$ 2,091,037
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	11%	44%	47%
Plan fiduciary net position as a percentage of total pension liability	1.64%	2.15%	2.63%	3.00%	3.56%

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

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A CHARTER SCHOOL AND COMPONENT UNIT OF
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SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM**

FLORIDA RETIREMENT SYSTEM (FRS) Last Five Fiscal Years *					
	2017	2018	2019	2020	2021
Contractually required contribution **	\$ -	\$ -	\$ 41,779	\$ 152,244	\$ 206,365
Contributions in relation to the contractually required contribution	-	-	41,779	152,244	206,365
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638	\$ 2,091,037
Contributions as a percentage of covered payroll	0.00%	0.00%	2.02%	7.53%	9.87%

* – 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.

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution **	\$ -	\$ -	\$ 11,050	\$ 42,396	\$ 46,931
Contributions in relation to the contractually required contribution	-	-	11,050	42,396	46,931
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638	\$ 2,091,037
Contributions as a percentage of covered payroll	0.00%	0.00%	0.53%	2.10%	2.24%

* – 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.

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER WILLIAM MONROE ROWLETT
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A CHARTER SCHOOL AND COMPONENT UNIT OF
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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION**

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 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 and HIS plan was determined by an actuarial valuation as of July 1, 2021. Both plans used the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. 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 6.80%. 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 2.16% 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 PUB-2010 with Projection Scale MP-2018.

The following changes in actuarial assumptions occurred in 2021:

- FRS: The maximum amortization period was decreased to 20 years for all current and future amortization bases.
- HIS: The municipal rate used to determine total pension liability was decreased from 2.21% to 2.16%.

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, governmental funds, 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, 2022, 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 31, 2022.

Report on 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.

Report on 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 & Stanell, P.A.*

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

October 31, 2022
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, 2022, and have issued our report thereon dated October 31, 2022.

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 31, 2022, 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 2022-01 in the Schedule of Findings is a continuation of Finding 2021-01, 2020-01 and 2019-03 from previous years.

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, require 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 unassigned fund balance was negative at June 30, 2022. See Finding 2022-01 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 2022-01 in the Schedule of Findings.

Transparency

Sections 10.854(1)(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 & Stanell, P.A.*

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

October 31, 2022
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

2022-01 **General Fund – Unassigned 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.

Effect: Rowlett Middle Academy reported a general fund unassigned deficit fund balance of \$54,148. This is a continued improvement over the prior years. The general fund had an unassigned deficit fund balance of \$104,961 in the prior year.

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 30th Street Ave W., Bradenton, Florida 34208

rowlettmiddleacademy.org

Phone: (941) 462- 4001

Mr. Jamara Clark, Principal

Shelbi Ericsson, Assistant Principal

Audit Finding 2022-01 Management Response

We concur with the Auditor's finding. As recommended, we will monitor expenditures and amend the 2022-23 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.