

**ROWLETT 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, 2021

**ROWLETT 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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FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the governmental funds, and the aggregate remaining fund information of Rowlett 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, 2021, and the related notes to the financial statements, which collectively comprise Rowlett Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the governmental funds and the aggregate remaining fund information of Rowlett Academy as of June 30, 2021, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, Rowlett Academy adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during 2021. Our opinion is not modified with respect to this matter.

Change in Presentation

As described in Note 1 to the financial statements, Rowlett Academy changed their presentation of governmental funds. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As described in Note 1, the accompanying financial statements referred to above present only the financial position of Rowlett Academy at June 30, 2021, and the respective changes in financial position for the year then ended, and is not intended to be a complete presentation of William Monroe Rowlett Academy for Arts & Communication, Inc. These financial statements do not purport to and do not present fairly the financial position of William Monroe Rowlett Academy for Arts & Communication, Inc. as of June 30, 2021 and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2021 on our consideration of Rowlett Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rowlett Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rowlett Academy's internal control over financial reporting and compliance.

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

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

October 25, 2021
Bradenton, Florida



**WILLIAM MONROE ROWLETT ACADEMY
FOR ARTS AND COMMUNICATIONS, INC.**
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Chuck Fradley, EdD, Principal Cathy Choate, Assistant Principal

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Rowlett 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 Academy for the fiscal year ended June 30, 2021.

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 Academy as an operating entity.

Operating Entity

Rowlett Academy opened as an elementary school in the 2001-2002 school year as the first full-choice magnet school in Manatee County. During 2014, the School District of Manatee County (the "School District") approved it as a charter school which operates independently from the School District. Rowlett Academy's charter is held by William Monroe Rowlett Academy for Arts & Communication, Inc. which incorporated as a not-for-profit corporation. The year ended June 30, 2021 is Rowlett Academy's seventh year of operations.

During the year ended June 30, 2017, the School District approved a separate charter for Rowlett Middle Academy which commenced operations for the 2017-18 school year. Financial transactions pertaining to Rowlett Middle Academy are not included in these financial statements.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to Rowlett Academy's financial statements. Rowlett 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 Academy's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of Rowlett 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 Academy is improving or deteriorating.

The Statement of Activities presents information showing how Rowlett 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 for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Rowlett 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 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, 2021. 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 liabilities as described in Note 3. As of June 30, 2021, Rowlett Academy had a net deficit on the government-wide basis of \$1,707,674, which is the difference between total assets, plus deferred outflows, less deferred inflows and total liabilities. The net deficit is largely a result of Rowlett Academy’s recognition of their proportionate share in the Florida Retirement System pension plans.

Condensed Statements of Net Position			
	Governmental Activities		
	2021	2020	Change
Current and other assets	\$ 1,869,660	\$ 1,277,148	\$ 592,512
Capital assets	978,363	792,841	185,522
Total assets	<u>2,848,023</u>	<u>2,069,989</u>	<u>778,034</u>
Deferred outflows	2,129,987	2,326,644	(196,657)
Current liabilities	747,653	626,002	121,651
Noncurrent liabilities	5,619,798	4,670,274	949,524
Total liabilities	<u>6,367,451</u>	<u>5,296,276</u>	<u>1,071,175</u>
Deferred inflows	<u>318,233</u>	<u>497,995</u>	<u>(179,762)</u>
Net position (deficit)			
Net investment in capital assets	800,554	733,384	67,170
Restricted	343,906	217,627	126,279
Unrestricted	(2,852,134)	(2,348,649)	(503,485)
Total net position (deficit)	<u>\$ (1,707,674)</u>	<u>\$ (1,397,638)</u>	<u>\$ (310,036)</u>

Total assets largely increased due to an increase in cash from current year operations and an increase in a receivable from Rowlett Middle Academy. Changes in deferred outflows and inflows are a result of a change in Rowlett Academy’s proportionate share in the Florida Retirement System (FRS), as well as a net increase in net pension liability included in noncurrent liabilities of \$804,198.

The Statement of Activities presents information showing how Rowlett Academy's net position on the government-wide basis decreased by \$310,036 during the current year, an improvement over the prior year of \$281,899. Revenues are largely a result of state and local revenue based on student allocation, tax proceeds, and 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, as well as the recognition of Rowlett Academy's proportionate share of the Florida Retirement System's net pension liability, deferred outflows and deferred inflows.

Condensed Statements of Activities			
	Governmental Activities		
	2021	2020	Change
Revenues:			
Program revenues:			
Charges for services	\$ 699,863	\$ 525,632	\$ 174,231
	699,863	525,632	174,231
General revenues:			
Grants and contributions not restricted to specific programs	8,157,684	7,862,705	294,979
Gain on sale of capital assets	-	-	-
Total general revenues	8,157,684	7,862,705	294,979
Transfers from the Custodial Funds	25,442	-	25,442
Total revenues	<u>8,882,989</u>	<u>8,388,337</u>	<u>494,652</u>
Expenses:			
Instruction	6,198,699	6,217,091	(18,392)
Pupil personnel services	401,229	381,786	19,443
Instructional media services	124,111	145,216	(21,105)
Instructional staff training	241,911	187,150	54,761
General administration	25,437	26,671	(1,234)
School administration	558,334	539,108	19,226
Professional services	115,409	114,694	715
Food services	363,111	337,852	25,259
Central services	78,618	55,581	23,037
Pupil transportation services	275,094	264,651	10,443
Operation of plant	588,178	547,315	40,863
Community services	195,343	160,443	34,900
Maintenance of plant	27,551	2,714	24,837
Total expenses	<u>9,193,025</u>	<u>8,980,272</u>	<u>212,753</u>
Change in net position	(310,036)	(591,935)	281,899
Net Position - Beginning	<u>(1,397,638)</u>	<u>(769,135)</u>	<u>(628,503)</u>
Net Position - Ending	<u>\$ (1,707,674)</u>	<u>\$ (1,361,070)</u>	<u>\$ (346,604)</u>

Revenues increased by \$494,652 mainly due to a reduced impact from COVID-19. On-site schooling in the current year led to food services and after-school care increasing in total by approximately \$175,000. As a result of COVID-19, Rowlett Academy received CARES Act funding of \$176,454, which it did not received in the previous fiscal year. Rowlett Academy's expenses increased during the year by \$212,753. The increase in expense was in part due to increased personnel costs incurred during the year.

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 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 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 Academy's near term financing requirements.

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

The General Fund is the general operating fund of Rowlett Academy. The fund balance of the General Fund totaled \$778,101 as of June 30, 2021, which is an increase of \$344,582 over June 30, 2020. Unassigned fund balance was \$659,474 as of June 30, 2021 which is available for future spending. Revenues in the General Fund increased by \$319,149 consistent with the increased revenues at the government-wide level. Expenditures also increased by \$198,726 due to increased personnel costs.

The Special Revenue Fund accounts for activities of the food service program that serves breakfast and lunches to students. The Special Revenue Fund reported a fund balance of \$343,906 at June 30, 2021 which is restricted for food services. Revenues in the Special Revenue Fund increased by \$150,061, consistent with the increased revenues at the government-wide level. Expenditures were consistent with the prior year.

The Capital Projects Fund is used to account for all capital activity. Capital expenditures during the year were \$285,349 which included new laptops which were financed through the Debt Service Fund.

The Debt Service Fund is used to account for all proceeds and payments, including interest, related to capital leases and long-term debt. Debt service for the current year totaled \$105,242.

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 Academy also reports an Custodial Funds which are a fiduciary fund type. These funds are used to account for resources of Rowlett Academy's internal account funds and funds received from the Rowlett 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 commence on page 18 of this report.

Capital Assets

Below is a comparative schedule of capital assets net of accumulated depreciation as of June 30, 2021 and 2020.

	Capital Assets		
	Governmental Activities		
	2021	2020	Change
Land	\$ 579,132	\$ 579,132	\$ -
Leasehold improvements	25,844	24,282	1,562
Furniture, fixtures and equipment	373,387	189,427	183,960
Total (net of depreciation)	<u>\$ 978,363</u>	<u>\$ 792,841</u>	<u>\$ 185,522</u>

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

Long-term Liabilities

Rowlett Academy has recognized its proportionate share of the FRS and HIS net pension liability in accordance with GASB Statement No. 68. At June 30, 2021, the net pension liability recognized by Rowlett Academy was \$5,240,540, an increase over prior year by \$804,198.

During 2021, Rowlett Academy entered into additional capital lease agreements for laptops. Total capital lease obligations were \$177,809 as of June 30, 2021.

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 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 Academy.

For the General Fund, the original and final budgeted revenues were \$8,238,446 and \$8,341,239, respectively. Original and final budgeted expenditures were \$7,943,688 and \$8,338,052, respectively. Revenues were greater than budget by \$56,943 and expenditures were less than budget by \$434,321. This was largely due to higher anticipated instruction personnel costs.

For the Special Revenue Fund, the original and final budgeted revenues were \$402,600 and \$437,633, respectively. Original and final budgeted expenditures were \$362,843 and \$350,019, 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 2021-2022 academic year. The budget demonstrates that Rowlett Academy will have a budgeted surplus from operations of \$346,143, which will be available for future spending.

Requests for Information

The financial report is designed to provide a general overview of the Rowlett 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 Academy at the William Monroe Rowlett Academy for Arts & Communication, Inc., 3500 9th St. E, Bradenton, Florida 34208.

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 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current assets	
Cash	\$ 1,520,421
Accounts and grants receivable	27,077
Receivable from Rowlett Middle Academy	203,535
Prepaid expenses	95,697
Total current assets	1,846,730
Noncurrent assets	
Deposits	22,930
Capital assets, net of accumulated depreciation	978,363
Total noncurrent assets	1,001,293
TOTAL ASSETS	\$ 2,848,023
DEFERRED OUTFLOWS OF RESOURCES – Pension	\$ 2,129,987
LIABILITIES	
Current liabilities	
Accounts payable	\$ 54,205
Payable to Custodial Funds	54,583
Accrued expenses	638,865
Total current liabilities	747,653
Noncurrent liabilities	
Due within one year	267,030
Due in more than one year	5,352,768
Total noncurrent liabilities	5,619,798
TOTAL LIABILITIES	\$ 6,367,451
DEFERRED INFLOWS OF RESOURCES – Pension	\$ 318,233
NET POSITION (DEFICIT)	
Net investment in capital assets	\$ 800,554
Restricted	343,906
Unrestricted	(2,852,134)
TOTAL NET POSITION (DEFICIT)	\$ (1,707,674)

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 ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2021**

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 6,198,699	\$ -	\$ -	\$ -	\$ (6,198,699)
Pupil personnel services	401,229	-	-	-	(401,229)
Instructional media services	124,111	-	-	-	(124,111)
Instructional staff training	241,911	-	-	-	(241,911)
General administration	25,437	-	-	-	(25,437)
School administration	558,334	-	-	-	(558,334)
Professional services	115,409	-	-	-	(115,409)
Food services	363,111	459,365	-	-	96,254
Central services	78,618	-	-	-	(78,618)
Pupil transportation services	275,094	-	-	-	(275,094)
Operation of plant	588,178	-	-	-	(588,178)
Community services	195,343	240,498	-	-	45,155
Maintenance of plant	27,551	-	-	-	(27,551)
Total Governmental Activities	<u>9,193,025</u>	<u>699,863</u>	<u>-</u>	<u>-</u>	<u>(8,493,162)</u>
General Revenues:					
Grants and contributions not restricted to specific programs					8,157,684
Transfers from the Custodial Funds					25,442
Total General Revenues and Transfers					<u>8,183,126</u>
Change in net position					(310,036)
Net Position (Deficit) – Beginning of year					<u>(1,397,638)</u>
Net Position (Deficit) – End of year					<u>\$ (1,707,674)</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, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
ASSETS					
Cash	\$ 1,176,515	\$ 343,906	\$ -	\$ -	\$ 1,520,421
Accounts and grants receivable	27,077	-	-	-	27,077
Rowlett Middle Academy receivable	203,535	-	-	-	203,535
Prepaid expenses	95,697	-	-	-	95,697
Deposits	22,930	-	-	-	22,930
TOTAL ASSETS	\$ 1,525,754	\$ 343,906	\$ -	\$ -	\$ 1,869,660
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 54,205	\$ -	\$ -	\$ -	\$ 54,205
Payable to Custodial Funds	54,583	-	-	-	54,583
Accrued expenses	638,865	-	-	-	638,865
TOTAL LIABILITIES	747,653	-	-	-	747,653
Fund Balances:					
Nonspendable	118,627	-	-	-	118,627
Restricted	-	343,906	-	-	343,906
Unassigned	659,474	-	-	-	659,474
TOTAL FUND BALANCES	778,101	343,906	-	-	1,122,007
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,525,754	\$ 343,906	\$ -	\$ -	\$ 1,869,660

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 BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2021**

Fund Balances – Governmental Funds	\$	1,122,007
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		978,363
Deferred outflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		2,129,987
Deferred inflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		(318,233)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Net pension liability		(5,240,540)
Capital lease obligation		(177,809)
Compensated absences		(201,449)
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	\$	<u>(1,707,674)</u>

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

**ROWLETT 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 REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
REVENUES					
Federal through local	\$ 265,317	\$ -	\$ -	\$ -	\$ 265,317
State through local	7,103,976	-	-	-	7,103,976
Local	1,028,889	459,365	-	-	1,488,254
Total Revenues	<u>8,398,182</u>	<u>459,365</u>	<u>-</u>	<u>-</u>	<u>8,857,547</u>
EXPENDITURES					
Current					
Instruction	5,495,314	-	-	-	5,495,314
Pupil personnel services	348,503	-	-	-	348,503
Instructional staff training	111,610	-	-	-	111,610
Instructional media services	224,812	-	-	-	224,812
General administration	25,437	-	-	-	25,437
School administration	489,971	-	-	-	489,971
Professional services	107,848	-	-	-	107,848
Food services	-	333,086	-	-	333,086
Central services	71,795	-	-	-	71,795
Pupil transportation services	274,406	-	-	-	274,406
Operation of plant	551,736	-	-	-	551,736
Community services	174,748	-	-	-	174,748
Maintenance of plant	27,551	-	-	-	27,551
Capital outlay	-	-	285,349	-	285,349
Debt service					
Principal payments	-	-	-	96,928	96,928
Interest and fiscal charges	-	-	-	8,314	8,314
Total Expenditures	<u>7,903,731</u>	<u>333,086</u>	<u>285,349</u>	<u>105,242</u>	<u>8,627,408</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	494,451	126,279	(285,349)	(105,242)	230,139
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease	-	-	-	215,280	215,280
Transfers in (out)	(175,311)	-	285,349	(110,038)	-
Transfer in from Custodial Funds	25,442	-	-	-	25,442
Total Other Financing Sources (Uses)	<u>(149,869)</u>	<u>-</u>	<u>285,349</u>	<u>105,242</u>	<u>240,722</u>
NET CHANGE IN FUND BALANCES	344,582	126,279	-	-	470,861
FUND BALANCES – Beginning of year as originally stated					
	651,146	-	-	-	651,146
Change in presentation (Note 1)	<u>(217,627)</u>	<u>217,627</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES – Beginning of year as restated					
	<u>433,519</u>	<u>217,627</u>	<u>-</u>	<u>-</u>	<u>651,146</u>
FUND BALANCES – End of year	<u>\$ 778,101</u>	<u>\$ 343,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,122,007</u>

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

**ROWLETT ACADEMY (A CHARTER SCHOOL UNDER
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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, 2021**

Net change in fund balance – statement of revenues, expenditures and changes in fund balance – Governmental Funds	\$	470,861
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Amounts reported for governmental activities in the statement of activities are different because:

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 capital additions exceeded depreciation expense in the current period.

Capital outlay as capital asset additions	285,349	
Less current depreciation	<u>(99,827)</u>	
		185,522

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

Proceeds from long-term debt	(215,280)	
Principal payments on long-term debt	<u>96,928</u>	
		(118,352)

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.

Decrease in deferred outflows – pension		(196,657)
Increase in net pension liability		(804,198)
Decrease in deferred inflows – pension		179,762
Increase in compensated absences		<u>(26,974)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(310,036)</u>
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 STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND
 JUNE 30, 2021**

	Custodial Funds
ASSETS	
Cash	\$ 185,648
Accounts receivable	1,309
Due from Rowlett Academy	54,583
Prepaid expenses	4,994
TOTAL ASSETS	\$ 246,534
LIABILITIES	
Accounts payable	\$ 4,971
Due to Rowlett Middle Academy	36,195
Due to Rowlett Middle Academy Custodial Funds	12,469
TOTAL LIABILITIES	53,635
NET POSITION	
Restricted for clubs	192,899
TOTAL LIABILITIES AND NET POSITION	\$ 246,534

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

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 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Custodial Funds
ADDITIONS	
Contributions	\$ 401,774
TOTAL ADDITIONS	401,774
DEDUCTIONS	
Beneficiary payments to clubs	221,272
TOTAL DEDUCTIONS	221,272
Net increase (decrease) in fiduciary net position before transfers	180,502
TRANSFERS	
Transfers out to Rowlett Academy	(25,441)
Transfers out to Rowlett Middle Academy Custodial Funds	(107,795)
TOTAL TRANSFERS	(133,236)
Net increase (decrease) in fiduciary net position	47,266
Net position – beginning of year as originally stated	-
Change in accounting principle (Note 1)	145,633
Net position – beginning of year as restated	145,633
Net position – ending	\$ 192,899

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Rowlett Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc., operates an elementary school in Bradenton, Florida and is a component unit of the School District of Manatee County, Florida (the “School District”). William Monroe Rowlett Academy for Arts & Communication, Inc. holds the charter for Rowlett Academy and 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 Academy present only the balances, activity and disclosures related to Rowlett 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, 2021, 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 Academy opened as an elementary school in the 2001–2002 school year as the first full-choice magnet school in Manatee County. During 2014, the School District approved it as a charter school which operates independently from the School District. This is Rowlett Academy’s seventh year of operations.

The general operating authority of Rowlett Academy is contained in Chapter 1002.33, Florida Statutes. Rowlett Academy operates under a charter of the sponsoring School District, the School District of Manatee County, Florida, which is effective through June 30, 2024. Rowlett 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 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 Academy.

Government-wide and Fund Financial Statements

Rowlett Academy’s financial statements include both government-wide (reporting on Rowlett 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 Academy. The government-wide financial statements present governmental activities only. Rowlett 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 Academy recognizes all long-term assets and receivables as well as long-term liabilities and obligations. Rowlett 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 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 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 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 Academy reports Custodial Funds which are a fiduciary fund type. The Custodial funds are used to account for resources of Rowlett 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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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 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 Academy.

Cash

Rowlett 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, 2021 the carrying amount of Rowlett Academy's deposits was \$1,520,421 and the bank balances were \$1,562,862. At year end, Rowlett Academy had bank balances in excess of FDIC limits of \$1,312,762. Additionally, at June 30, 2021, the carrying amount of the Custodial Funds' deposits were \$185,648 and the bank balances were \$223,842.

Capital Assets

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item qualifies for reporting in this category which is a deferred outflow of pension resources which will be recognized as either pension expense or a reduction of net pension liability in future reporting years. In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This represents an acquisition of net position 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 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, 2021 included prepaid expenses of \$95,697 and deposits of \$22,930, which totals \$118,627.
- *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. Restricted fund balance at June 30, 2021 pertain to food services totaling \$343,906.
- *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 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 Academy reports unassigned fund balance as of June 30, 2021 in the amount of \$659,474.

Net Position: Net position represents the difference between assets plus deferred outflows less deferred inflows and liabilities. 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 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 Academy's policy to first use committed, assigned and then unassigned.

Budgetary Information

An annual budget was adopted for Rowlett 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 Academy's charter. In accordance with the funding provisions of the charter and Chapter 1002.33(17), Florida Statutes, Rowlett 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 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 Academy during the designated full-time equivalent student survey periods.

Rowlett Academy receives Federal, State and local awards for the enhancement of various educational programs. Awards are generally received based on applications approved by the respective granting agencies. Rowlett 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 6).

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, 2020, Rowlett Academy adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the title of amounts held on behalf of clubs from "agency funds" to "custodial funds." Additionally, a statement of changes in fiduciary net position is required for custodial funds which reports additions to, deductions from, and total net position. The implementation of this new standard reclassified amounts previously reported as liabilities to net position. The amount that was reclassified changed beginning net position of the custodial funds from \$0 to \$145,633.

Change in Presentation

Effective July 1, 2020, Rowlett Academy changed the presentation of its governmental funds. In previous years, all activity was reported in the General Fund. Rowlett Academy has adopted the use of a Special Revenue Fund for food services activity; a Capital Project Fund for capital asset activity; and a Debt Service Fund for long-term debt and debt service activity. The result of the change in presentation was a reclassification of fund balance from the General Fund to the Special Revenue Fund in the amount of \$217,627.

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NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CAPITAL ASSETS

Capital asset activity for fiscal year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 579,132	\$ -	\$ -	\$ 579,132
Total capital assets, not being depreciated	579,132	-	-	579,132
Capital assets being depreciated:				
Leasehold improvements	55,237	18,299	-	73,536
Furniture, fixtures and equipment	458,496	267,050	-	725,546
Total capital assets being depreciated	513,733	285,349	-	799,082
Less accumulated depreciation for:				
Leasehold improvements	30,955	16,737	-	47,692
Furniture, fixtures and equipment	269,069	83,090	-	352,159
Total accumulated depreciation	300,024	99,827	-	399,851
Total capital assets, being depreciated, net	213,709	185,522	-	399,231
Governmental activities capital assets, net	\$ 792,841	\$ 185,522	\$ -	\$ 978,363

Depreciation expense in the amount of \$99,827 for the year ended June 30, 2021, was allocated to the following governmental functions:

Instruction	\$ 73,679
School Administration	17,226
Food Services	4,794
Operation of Plant	4,128
	<u>\$ 99,827</u>

The building, improvements, furniture, fixtures, and equipment in place prior to July 1, 2014 belong to the School District and are provided to Rowlett Academy to use free of charge.

NOTE 3 – LONG-TERM LIABILITIES

Rowlett 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.

During 2020, Rowlett Academy entered into a capital lease agreement for laptops in the amount of \$88,200. The lease bears an interest rate of 3.99% and requires quarterly payments of \$7,769. The initial cost of the laptops recognized as a capital asset was \$88,200 and incurred accumulated depreciation of \$35,280 through June 30, 2021. The net book value of the laptops at June 30, 2021 is \$52,920.

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NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

During 2021, Rowlett Academy entered into two additional capital lease agreements for laptops in the amount totaling \$215,280. The leases bear an interest rate of 3.45% and require annual payments of \$74,166. The initial cost of the laptops were recognized as capital assets of \$207,873 and incurred accumulated depreciation of \$36,221 through June 30, 2021. The net book value of the laptops at June 30, 2021 is \$171,652.

The present value of the minimum lease payments for the capital lease obligations is as follows:

2022	\$ 105,243
2023	80,746
Total minimum lease payments	<u>185,989</u>
Less amount representing interest	(8,180)
Present value of the minimum lease payments	<u><u>\$ 177,809</u></u>

The net pension liability is described in Note 6.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 174,475	\$ 214,322	\$ (187,348)	\$ 201,449	\$ 50,362
Capital lease obligation	59,457	215,280	(96,928)	177,809	99,634
Net pension liability	4,436,342	1,743,505	(939,307)	5,240,540	117,034
	<u>\$ 4,670,274</u>	<u>\$ 2,173,107</u>	<u>\$ (1,223,583)</u>	<u>\$ 5,619,798</u>	<u>\$ 267,030</u>

NOTE 4 – RISK MANAGEMENT PROGRAMS

Rowlett 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 Academy has purchased commercial insurance. Rowlett 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.

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 NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – SCHEDULE OF REVENUE SOURCES

The following is a schedule of revenue sources and amounts:

Federal through local		
IDEA, Part B, Entitlement	\$	61,110
Title II		3,767
Title IV		23,986
CARES Act		176,454
		<u>265,317</u>
State through local		
Base funding of enrollment		4,534,404
ESOL		234,088
Exceptional student education		392,669
Supplemental academic instruction		228,262
Safe Schools		53,918
Class size adjustment		1,131,146
Reading allocation		39,047
Instruction materials		70,920
Transportation		123,746
Florida Teach Lead		18,525
Teacher Starting Pay Increase		152,304
Digital Classroom		2,027
Safety and Security		41,325
Mental Health		31,252
Sales Tax Block Grant		45,354
Other		4,989
		<u>7,103,976</u>
Local		
After school care		240,498
Food services		459,365
Grants		5,000
Contributions		1,690
Referendum Millage		734,763
E-Rate		20,786
Interest on investments		738
Other		25,414
		<u>1,488,254</u>
Total Revenues	\$	<u><u>8,857,547</u></u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM

Plan Description

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

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

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

Benefits Provided

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

Plan Provisions

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

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

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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NOTES TO FINANCIAL STATEMENTS

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 Academy's contractually required contribution rate for the year ended June 30, 2021, was 10.00% for regular employees and 16.98% 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 Academy were \$356,820 for the year ended June 30, 2021, which equaled required contributions and approximates 10.01% 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, 2021, Rowlett Academy had employee and employer contributions totaling \$40,638 due to the FRS Plan.

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

At June 30, 2021, Rowlett Academy reported a liability of \$5,240,540 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. Rowlett 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, 2020, Rowlett Academy's proportion was 0.008360840% for FRS and 0.013242019% 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, 2020 measurement, Rowlett Academy recognized pension expense of \$1,255,386. Additionally, Rowlett 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	\$ 138,687	\$ –	\$ 66,138	\$ 1,247
Changes in assumptions	656,007	–	173,855	94,012
Net difference between projected and actual earnings on pension plan investments	215,759	–	1,291	–
Change in proportion and differences between contributions and proportionate share of contributions	151,561	156,441	292,476	66,533
Rowlett Academy contributions subsequent to the June 30, 2020 measurement date	353,496	–	80,717	–
	<u>\$ 1,515,510</u>	<u>\$ 156,441</u>	<u>\$ 614,477</u>	<u>\$ 161,792</u>

Total deferred outflows were \$2,129,987 and total deferred inflows were \$318,233. \$353,496 (FRS) and \$80,717 (HIS) reported as deferred outflows of resources related to pensions resulting from Rowlett Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	FRS	HIS
2022	\$ 177,019	\$ 51,741
2023	177,019	51,741
2024	177,019	51,741
2025	177,019	51,741
2026	177,018	51,742
Thereafter	120,479	113,262
	<u>\$1,005,573</u>	<u>\$ 371,968</u>

Actuarial Assumptions

The total pension liability in the July 1, 2020 actuarial valuation (June 30, 2020 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 and HIS plans 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, 2020 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 one capital market outlook model developed in 2020 by the outside investment consultants to the Florida State Board of Administration; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2020 by the FRS Actuarial Assumptions Conference. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1.0%	2.2%
Fixed income	19.0%	3.0%
Global equity	54.2%	8.0%
Real estate	10.3%	6.4%
Private equity	11.1%	10.8%
Strategic investments	4.4%	5.5%

Discount Rate

The discount rate used to measure the total FRS pension liability was 6.80%, and the HIS pension liability was 2.21%. The HIS rate decreased from 3.50% to 2.21% 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 2020 valuation:

- FRS: The discount rate and the long-term expected rate of return was decreased from 6.90% to 6.80%.
- HIS: The municipal rate used to determine total pension liability decreased from 3.50% to 2.21%. Additionally, the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the Generational RP-2010 with Projection Scale MP-2018.

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

The following presents Rowlett Academy’s proportionate share of the FRS net pension liability calculated using the discount rate of 6.80%, as well as what Rowlett 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 Academy’s proportionate share of the FRS net pension liability	\$ 5,786,458	\$ 3,623,711	\$ 1,817,376

The following presents Rowlett Academy’s proportionate share of the HIS net pension liability calculated using the discount rate of 2.21%, as well as what Rowlett 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 (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Rowlett Academy’s proportionate share of the HIS net pension liability	\$ 1,868,982	\$ 1,616,829	\$ 1,410,442

Pension Plan Fiduciary Net Position

Rowlett 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	\$ 1,515,510	\$ 3,623,711	\$ 156,441
HIS	614,477	1,616,829	161,792
	\$ 2,129,987	\$ 5,240,540	\$ 318,233

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NOTE 7- DEFINED CONTRIBUTION RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM

In addition to Rowlett Academy's participation in the FRS defined benefit pension plan, some employees of Rowlett 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).

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

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

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

Similar to the defined benefit plan, employees are required to contribute 3% and employers are required to contribute based on class. Rowlett Academy's contractually required contribution rate for the year ended June 30, 2021 was 10.00% for regular employees and 16.98% 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 2021, Rowlett Academy employer contributions totaled \$130,999. As of June 30, 2021, Rowlett Academy had employee and employer contributions totaling \$15,031 due to the Investment Plan.

NOTE 8 – RELATED PARTY TRANSACTIONS

William Monroe Rowlett Academy for Arts & Communication, Inc. operates Rowlett Academy. During the fiscal year ended June 30, 2017, a second charter school was approved by the School District for a middle school (Rowlett Middle Academy). As of June 30, 2021, Rowlett Middle Academy owed Rowlett Academy \$203,535.

As of June 2021, Rowlett Academy has a payable due to the Custodial Funds in the amount of \$54,583. Additionally, the Custodial Funds owed Rowlett Middle Academy \$36,195 and the Rowlett Middle Academy Custodial Funds \$12,469 as of June 30, 2021.

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NOTE 9 – CONTINGENCIES

When Rowlett Academy separated with the School District effective July 1, 2014, teachers and other employees of the School District that transferred to Rowlett Academy were provided the option of remaining a Rowlett Academy employee or returning to the School District after two years. For employees that remain with Rowlett Academy, Rowlett Academy initially agreed to take over compensated absences earned at the School District at the time of separation. However, the School District is currently paying past compensated absences to former employees who have retired and may plan to continue to do such going forward. Since Rowlett Academy cannot determine the extent to which Rowlett Academy will be responsible for these past absences, an estimate of the potential liability cannot be determined and has not been recognized as of June 30, 2021.

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

NOTE 10 – OPERATING LEASE OBLIGATION

During 2020, Rowlett Academy entered into an operating lease agreement for office equipment. Rent paid under the operating lease agreement totaled \$3,630 during the year ended June 30, 2021. The operating lease requires monthly payments of \$330. Future minimum lease payments are as follows:

2022	\$ 3,960
2023	\$ 3,960
2024	\$ 3,960
2025	\$ 330

NOTE 11 – SUBSEQUENT EVENTS

Rowlett Academy has evaluated all subsequent events through October 25, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTRY INFORMATION

**ROWLETT ACADEMY (A CHARTER SCHOOL UNDER
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 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

GENERAL FUND				
REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Federal through local	\$ 71,000	\$ 244,682	\$ 265,317	\$ 20,635
State through local	7,099,065	7,104,190	7,103,976	(214)
Local	1,068,381	992,367	1,028,889	36,522
Total Revenues	<u>8,238,446</u>	<u>8,341,239</u>	<u>8,398,182</u>	<u>56,943</u>
EXPENDITURES				
Current				
Instruction	5,444,558	5,779,123	5,495,314	283,809
Pupil personnel services	475,663	351,832	348,503	3,329
Instructional media services	113,646	121,680	111,610	10,070
Instructional staff training	241,601	270,909	224,812	46,097
General administration	22,000	20,856	25,437	(4,581)
School administration	449,423	496,379	489,971	6,408
Professional services	106,462	111,053	107,848	3,205
Central services	57,275	80,927	71,795	9,132
Pupil transportation services	247,771	298,179	274,406	23,773
Operation of plant	587,334	606,708	551,736	54,972
Community services	188,955	188,955	174,748	14,207
Maintenance of plant	9,000	11,451	27,551	(16,100)
Total Expenditures	<u>7,943,688</u>	<u>8,338,052</u>	<u>7,903,731</u>	<u>434,321</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	294,758	3,187	494,451	491,264
OTHER FINANCING SOURCES (USES)				
Transfers, net	-	-	(149,869)	(149,869)
NET CHANGE IN FUND BALANCE	294,758	3,187	344,582	341,395
FUND BALANCE - Beginning of year as originally stated	651,146	651,146	651,146	-
Change in presentation (Note 1)	(217,627)	(217,627)	(217,627)	-
FUND BALANCE - Beginning of year as restated	<u>433,519</u>	<u>433,519</u>	<u>433,519</u>	<u>-</u>
FUND BALANCE - End of year	<u>\$ 728,277</u>	<u>\$ 436,706</u>	<u>\$ 778,101</u>	<u>\$ 341,395</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, 2021**

SPECIAL REVENUE FUND				
REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Local	\$ 402,600	\$ 437,633	\$ 459,365	\$ 21,732
Total Revenues	<u>402,600</u>	<u>437,633</u>	<u>459,365</u>	<u>21,732</u>
EXPENDITURES				
Current				
Food services	362,843	350,019	333,086	16,933
Total Expenditures	<u>362,843</u>	<u>350,019</u>	<u>333,086</u>	<u>16,933</u>
NET CHANGE IN FUND BALANCE	39,757	87,614	126,279	38,665
FUND BALANCE - Beginning of year as originally stated	-	-	-	-
Change in presentation (Note 1)	<u>217,627</u>	<u>217,627</u>	<u>217,627</u>	<u>-</u>
FUND BALANCE - Beginning of year as restated	<u>217,627</u>	<u>217,627</u>	<u>217,627</u>	<u>-</u>
FUND BALANCE - End of year	<u><u>\$ 257,384</u></u>	<u><u>\$ 305,241</u></u>	<u><u>\$ 343,906</u></u>	<u><u>\$ 38,665</u></u>

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET

NOTE 1 – BUDGETARY INFORMATION

An annual budget was adopted for Rowlett 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 in excess of budget in the amount of \$56,943 and expenditures were less than budget in the amount of \$434,321, largely due to instruction personnel cost being less than initially planned.

Special Revenue Fund revenues were in excess of budget in the amount of \$21,732 and expenditures were less than budget in the amount of \$16,933.

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

FLORIDA RETIREMENT SYSTEM (FRS)
 Last Eight Fiscal Years *

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Charter School's proportion of the net pension liability	0%	0%	0.007272350%	0.008549198%	0.009550518%	0.008934487%	0.008615791%	0.008360840%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ 939,322	\$ 2,158,679	\$ 2,824,979	\$ 2,691,114	\$ 2,967,159	\$ 3,623,711
Charter School's covered payroll	\$ -	\$ -	\$ 3,129,103	\$ 3,515,039	\$ 3,436,039	\$ 3,444,995	\$ 3,607,864	\$ 3,564,328
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	30%	61%	82%	78%	82%	102%
Plan fiduciary net position as a percentage of total pension liability	88.54%	96.09%	92.00%	84.88%	83.89%	84.26%	84.26%	78.85%

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

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Charter School's proportion of the net pension liability	0%	0%	0.010250638%	0.012931039%	0.014104187%	0.013698717%	0.013130599%	0.013242019%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ 1,045,404	\$ 1,507,059	\$ 1,508,085	\$ 1,449,888	\$ 1,469,183	\$ 1,616,829
Charter School's covered payroll	\$ -	\$ -	\$ 3,129,103	\$ 3,515,039	\$ 3,436,039	\$ 3,444,995	\$ 3,607,864	\$ 3,564,328
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	33%	43%	44%	42%	41%	45%
Plan fiduciary net position as a percentage of total pension liability	1.78%	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%

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

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

FLORIDA RETIREMENT SYSTEM (FRS)
 Last Eight Fiscal Years *

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution **	\$ -	\$ -	\$ 177,306	\$ 208,486	\$ 248,623	\$ 254,626	\$ 267,152	\$ 277,794
Contributions in relation to the contractually required contribution	-	-	177,306	208,486	248,623	254,626	267,152	277,794
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 3,129,103	\$ 3,515,039	\$ 3,436,039	\$ 3,444,995	\$ 3,607,864	\$ 3,564,328
Contributions as a percentage of covered payroll	0%	0%	5.67%	5.93%	7.24%	7.39%	7.40%	7.79%

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

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

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

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

	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution **	\$ -	\$ -	\$ 39,184	\$ 66,280	\$ 74,643	\$ 74,288	\$ 72,913	\$ 76,308
Contributions in relation to the contractually required contribution	-	-	39,184	66,280	74,643	74,288	72,913	76,308
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 3,129,103	\$ 3,515,039	\$ 3,436,039	\$ 3,444,995	\$ 3,607,864	\$ 3,564,328
Contributions as a percentage of covered payroll	0%	0%	1.25%	1.89%	2.17%	2.16%	2.02%	2.14%

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

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

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION**

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2020 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 plans were determined by an actuarial valuation as of July 1, 2020. 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 2.21% was used to determine the total pension liability for the program. Mortality assumptions for the FRS plan was based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS program were based on the Generational RP-2010 with Projection Scale MP-2018 tables.

The following changes in actuarial assumptions occurred in 2020:

- FRS: The discount rate and long-term expected rate of return was decreased from 6.90% to 6.80%.
- HIS: The municipal rate used to determine total pension liability decreased from 3.50% to 2.21%. Additionally, the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the Generational RP-2010 with Projection Scale MP-2018.

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 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 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, 2021, and the related notes to the financial statements, which collectively comprise Rowlett Academy's basic financial statements, and have issued our report thereon dated October 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rowlett 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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Rowlett Academy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rowlett 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 25, 2021
Bradenton, Florida

MANAGEMENT LETTER

To the Board of Directors of Rowlett 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 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, 2021, and have issued our report thereon dated October 25, 2021.

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*. Disclosures in that report, which is dated October 25, 2021, 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. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires that the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is disclosed in Note 1 of the financial statements. The school code assigned by the Florida Department of Education of the entity is 2171.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not Rowlett 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 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 Academy. It is management's responsibility to monitor Rowlett 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.

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.

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 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 Academy maintained on its website the information as 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 25, 2021
Bradenton, Florida