

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

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

FINANCIAL STATEMENTS

JUNE 30, 2021

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

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1 – 3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4 – 9
FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	10
STATEMENT OF ACTIVITIES	11
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET – GOVERNMENTAL FUNDS	12
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	13
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	14
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	15
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	16
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	17
NOTES TO FINANCIAL STATEMENTS	18 – 35
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	36
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE FUND	37
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET	38
SCHEDULE OF THE CHARTER SCHOOL’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – FRS	39
SCHEDULE OF THE CHARTER SCHOOL’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – HIS	40

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FINANCIAL STATEMENTS

TABLE OF CONTENTS – CONTINUED

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION – CONTINUED	
SCHEDULE OF THE CHARTER SCHOOL’S CONTRIBUTIONS – FRS	41
SCHEDULE OF THE CHARTER SCHOOL’S CONTRIBUTIONS – HIS	42
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION	43
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 <i>GOVERNMENT AUDITING STANDARDS</i>	44 – 45
MANAGEMENT LETTER	46 – 47
SCHEDULE OF FINDINGS	48
MANAGEMENT’S RESPONSE TO FINDINGS	49

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the governmental funds, and aggregate remaining fund information of Rowlett Middle Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc., (a charter school and component unit of the School District of Manatee County, Florida), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Rowlett Middle Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the governmental funds and aggregate remaining fund information of Rowlett Middle 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 Middle 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 Middle 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 Middle 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 Middle Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rowlett Middle Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rowlett Middle Academy's internal control over financial reporting and compliance.

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

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

October 25, 2021
Bradenton, Florida



Rowlett Middle Academy

For the Performing Arts and Communications

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Mr. Jamara Clark, Principal

Shelbi Ericsson, Assistant Principal

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

Operating Entity

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

The Statement of Net Position presents information on all of the assets, deferred outflows, deferred inflows, and liabilities as of June 30, 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 debt as described in Note 3. As of June 30, 2021, Rowlett Middle Academy had a positive net position of \$704,978, which is the difference between total assets and deferred outflows less total liabilities and deferred inflows.

Condensed Statements of Net Position

	Governmental Activities		
	2021	2020	Change
Current and other assets	\$ 576,982	\$ 421,886	\$ 155,096
Capital assets	3,432,672	3,326,224	106,448
Total assets	<u>\$4,009,654</u>	<u>\$3,748,110</u>	<u>\$261,544</u>
Deferred outflows	<u>2,454,832</u>	<u>776,799</u>	<u>1,678,033</u>
Current liabilities	610,348	517,881	92,467
Noncurrent liabilities	5,096,234	2,969,771	2,126,463
Total liabilities	<u>5,706,582</u>	<u>3,487,652</u>	<u>2,218,930</u>
Deferred intflows	<u>52,926</u>	<u>44,430</u>	<u>8,496</u>
Net position (deficit)			
Net investment in capital assets	1,320,200	1,142,613	177,587
Unrestricted	<u>(615,222)</u>	<u>(149,786)</u>	<u>(465,436)</u>
Total net position (deficit)	<u>\$ 704,978</u>	<u>\$ 992,827</u>	<u>\$ (287,849)</u>

Current and other assets is largely made up of cash and accounts receivable from the School District. Currently liabilities include accounts payable and accrued expenses, including amounts due to Rowlett Academy of \$203,535. Noncurrent liabilities include a mortgage payable and a net pension liability based on Rowlett Middle Academy's participation in the Florida Retirement System (FRS). The net pension liability increased \$2,197,602 during 2021 which was in part offset by increased deferred outflows of \$1,678,033. The changes are a result of a full year of participation in the FRS program.

The Statement of Activities presents information showing how Rowlett Middle Academy's net position decreased by \$287,849 during the current year. Revenues are largely a result of state and local revenue based on student allocation and taxes, as well as, revenues from food and community services. A significant portion of expenses are a result of payment of salaries and related benefits to teachers and administrative staff. The decrease in net position is largely a result of the increased proportionate share in the FRS due to the full year of participation as discussed above.

Condensed Statements of Activities

	Governmental Activities		
	2021	2020	Change
Revenues:			
Program revenues:			
Charges for services	\$ 326,081	\$ 320,487	\$ 5,594
	326,081	320,487	5,594
General revenues:			
Grants and contributions not restricted to specific programs	5,876,659	5,391,165	485,494
Other revenue	15,144	10,912	4,232
Total general revenues	5,891,803	5,402,077	489,726
Total revenues	6,217,884	5,722,564	495,320
Expenses:			
Instruction	3,741,184	3,284,863	456,321
Pupil personnel services	358,142	233,411	124,731
Instructional media services	275,064	164,527	110,537
Instructional staff training	3,582	1,023	2,559
General administration	27,891	19,499	8,392
School administration	643,300	594,248	49,052
Professional services	95,237	75,573	19,664
Food services	204,957	208,454	(3,497)
Central services	39,126	31,942	7,184
Pupil transportation services	273,069	175,002	98,067
Operation of plant	678,833	634,447	44,386
Community services	75,428	67,141	8,287
Maintenance of plant	-	18,507	(18,507)
Interest	89,920	104,581	(14,661)
Total expenses	6,505,733	5,613,218	892,515
Change in net position	(287,849)	109,346	(397,195)
Net Position - Beginning	992,827	883,481	109,346
Net Position - Ending	\$ 704,978	\$ 992,827	\$ (287,849)

For Rowlett Middle Academy's fourth school year, revenues increased by \$495,320. Base funding of enrollment increased by approximately \$150,000 due to additional students. Rowlett Middle Academy also received additional revenue from the referendum millage and class-size reduction funds. As a result of COVID-19, Rowlett Middle Academy received CARES Act funding of \$86,886 which it did not received in the previous fiscal 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 Middle Academy, like other state and local government component units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The individual generic fund type in Rowlett Middle Academy's financial statements are governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating Rowlett Middle Academy's near term financing requirements.

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

The General Fund is the general operating fund of Rowlett Middle Academy. The fund balance of the General Fund was in a deficit position \$28,103 as of June 30, 2021, an improvement over the deficit position of \$90,732 as of June 30, 2020. Revenues in the General Fund increased by \$474,075 consistent with the increased revenues at the government-wide level. Expenditures also increased by \$437,217 due to increased personnel costs.

The Special Revenue Fund accounts for activities of the food service program that serves breakfast and lunches to students. Excess of expenditures over revenues continue to be supported by the General Fund, therefore, the Special Revenue Fund reports no fund balance at June 30, 2021. Activity in the Special Revenue Fund was consistent with the prior year.

The Capital Projects Fund is used to account for all capital activity. Capital expenditures during the year were \$434,241 and included a new chiller and roof.

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 \$175,801.

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

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

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 18 of this report.

Capital Assets

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

Capital Assets			
	Governmental Activities		
	2021	2020	Change
Land	\$ 454,235	\$ 454,235	\$ -
Construction in progress	273,589	155,000	118,589
Leasehold improvements	2,110,233	2,024,571	85,662
Furniture, fixtures and equipment	594,615	692,418	(97,803)
Total (net of depreciation)	<u>\$ 3,432,672</u>	<u>\$ 3,326,224</u>	<u>\$ 106,448</u>

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

Debt Administration

In 2017, William Monroe Rowlett Academy for Arts & Communication, Inc. financed property on behalf of Rowlett Middle Academy with a mortgage with a financial institution in the amount of \$2,135,000. The amount outstanding at June 30, 2021 is \$1,928,659. Rowlett Middle Academy also has capital lease obligations of \$173,405 at June 30, 2021.

Rowlett Middle Academy has recognized its proportionate share of the FRS and HIS net pension liability in accordance with GASB Statement No. 68. At June 30, 2021, the net pension liability recognized by Rowlett Middle Academy was \$2,884,271.

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

General Fund and Special Revenue Fund Budgets

The Board of Directors closely monitors Rowlett Middle Academy's financial performance relative to the budget on a monthly basis. The Board of Directors makes formal budget amendments to approve changes as they monitor the bottom line for the overall financial effect on Rowlett Middle Academy.

For the General Fund, the original and final budgeted revenues were \$5,852,386 and \$5,913,622, respectively. Original and final budgeted expenditures were \$5,572,799 and \$5,523,982, respectively. Revenues were greater than budget by \$70,887 and expenditures were less than budget by \$140,536.

For the Special Revenue Fund, the original and final budgeted revenues were \$272,235 and \$231,366, respectively. Original and final budgeted expenditures were \$235,759 and \$176,520, 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 original budget demonstrates that Rowlett Middle Academy will have a budgeted increase in total fund balance of \$243,512 after debt service and capital outlay costs.

Requests for Information

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

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 A CHARTER SCHOOL AND COMPONENT UNIT OF
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 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current assets	
Cash	\$ 245,984
Accounts and grants receivable	217,945
Accounts receivable – Rowlett Family Association	36,195
Prepaid expenses	70,693
Total current assets	570,817
Noncurrent assets	
Deposits	6,165
Capital assets, net of accumulated depreciation	3,432,672
Total noncurrent assets	3,438,837
TOTAL ASSETS	\$ 4,009,654
DEFERRED OUTFLOWS OF RESOURCES – Pension	\$ 2,454,832
LIABILITIES	
Current liabilities	
Accounts payable	\$ 35,687
Payable to Rowlett Academy	203,535
Accrued expenses	365,863
Accrued interest	5,263
Total current liabilities	610,348
Noncurrent liabilities	
Due within one year	172,615
Due in more than one year	4,923,619
Total noncurrent liabilities	5,096,234
TOTAL LIABILITIES	\$ 5,706,582
DEFERRED INFLOWS OF RESOURCES – Pension	\$ 52,926
NET POSITION	
Net investment in capital assets	1,320,200
Unrestricted	(615,222)
TOTAL NET POSITION	\$ 704,978

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

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
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 A CHARTER SCHOOL AND COMPONENT UNIT OF
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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	\$ 3,741,184	\$ -	\$ -	\$ -	\$ (3,741,184)
Pupil personnel services	358,142	-	-	-	(358,142)
Instructional media services	275,064	-	-	-	(275,064)
Instructional staff training	3,582	-	-	-	(3,582)
General administration	27,891	-	-	-	(27,891)
School administration	643,300	-	-	-	(643,300)
Professional services	95,237	-	-	-	(95,237)
Food services	204,957	233,375	-	-	28,418
Central services	39,126	-	-	-	(39,126)
Pupil transportation services	273,069	-	-	-	(273,069)
Operation of plant	678,833	-	-	-	(678,833)
Community services	75,428	92,706	-	-	17,278
Interest expense	89,920	-	-	-	(89,920)
Total Governmental Activities	<u>6,505,733</u>	<u>326,081</u>	<u>-</u>	<u>-</u>	<u>(6,179,652)</u>
General Revenues:					
Grants and contributions not restricted to specific programs					5,876,659
Other revenue					15,144
Total General Revenue					<u>5,891,803</u>
Change in net position					(287,849)
Net Position – Beginning of year					<u>992,827</u>
Net Position – End of year					<u>\$ 704,978</u>

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

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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	\$ 245,984	\$ -	\$ -	\$ -	\$ 245,984
Accounts and grants receivable	217,945	-	-	-	217,945
Accounts receivable – Rowlett Family Association	36,195	-	-	-	36,195
Prepaid expenses	70,693	-	-	-	70,693
Deposits	6,165	-	-	-	6,165
TOTAL ASSETS	\$ 576,982	\$ -	\$ -	\$ -	\$ 576,982
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 35,687	\$ -	\$ -	\$ -	35,687
Payable to Rowlett Academy	203,535	-	-	-	203,535
Accrued expenses	365,863	-	-	-	365,863
TOTAL LIABILITIES	605,085	-	-	-	605,085
Fund Balances:					
Nonspendable	76,858	-	-	-	76,858
Unassigned	(104,961)	-	-	-	(104,961)
TOTAL FUND BALANCES	(28,103)	-	-	-	(28,103)
TOTAL LIABILITIES AND FUND BALANCES	\$ 576,982	\$ -	\$ -	\$ -	\$ 576,982

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

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

Fund Balances – Governmental Funds	\$	(28,103)
<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		3,432,672
Deferred outflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		2,454,832
Deferred inflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		(52,926)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Mortgage payable		(1,928,659)
Note payable		(10,408)
Capital lease obligation		(173,405)
Net pension liability		(2,884,271)
Accrued interest		(5,263)
Compensated absences		(99,491)
		704,978
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>704,978</u>

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

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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF 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	\$ 135,744	\$ -	\$ -	\$ -	\$ 135,744
State through local	4,858,179	-	-	-	4,858,179
Local	990,586	233,375	-	-	1,223,961
Total Revenues	<u>5,984,509</u>	<u>233,375</u>	<u>-</u>	<u>-</u>	<u>6,217,884</u>
EXPENDITURES					
Current					
Instruction	3,136,923	-	-	-	3,136,923
Pupil personnel services	318,895	-	-	-	318,895
Instructional media services	251,462	-	-	-	251,462
Instructional staff training	3,582	-	-	-	3,582
General administration	27,891	-	-	-	27,891
School administration	527,509	-	-	-	527,509
Professional services	87,162	-	-	-	87,162
Food services	-	176,509	-	-	176,509
Central services	34,480	-	-	-	34,480
Pupil transportation services	273,069	-	-	-	273,069
Operation of plant	656,604	-	-	-	656,604
Community services	65,869	-	-	-	65,869
Capital outlay	-	-	434,241	-	434,241
Debt service					
Principal payments	-	-	-	85,881	85,881
Interest and fiscal charges	-	-	-	89,920	89,920
Total Expenditures	<u>5,383,446</u>	<u>176,509</u>	<u>434,241</u>	<u>175,801</u>	<u>6,169,997</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	601,063	56,866	(434,241)	(175,801)	47,887
OTHER FINANCING SOURCES (USES)					
Proceeds from note payable	-	-	-	14,742	14,742
Transfers in (out)	(538,434)	(56,866)	434,241	161,059	-
Total Other Financing Sources (Uses)	<u>(538,434)</u>	<u>(56,866)</u>	<u>434,241</u>	<u>175,801</u>	<u>14,742</u>
NET CHANGE IN FUND BALANCES	62,629	-	-	-	62,629
FUND BALANCES – Beginning of year	<u>(90,732)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,732)</u>
FUND BALANCES – End of year	<u>\$ (28,103)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,103)</u>

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

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 RECONCILIATION OF THE 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	\$	62,629
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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	434,241		
Less current depreciation	<u>(327,793)</u>		106,448

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

Proceeds from note payable		(14,742)	
Principal payments on mortgage payable		57,731	
Principal payments on note payable		4,334	
Principal payments on capital lease obligation		23,816	

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

Increase in deferred outflows – pension		1,678,033	
Increase in deferred inflows – pension		(8,496)	
Increase in net pension liability		<u>(2,197,602)</u>	

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(287,849)</u>
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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
 JUNE 30, 2021**

	Custodial Funds
ASSETS	
Cash	\$ 219,482
Accounts receivable – Rowlett Academy Custodial Funds	12,469
TOTAL ASSETS	\$ 231,951
LIABILITIES	
Accounts payable	\$ 1,033
TOTAL LIABILITIES	\$ 1,033
NET POSITION	
Restricted for clubs	\$ 230,918
TOTAL LIABILITIES AND NET POSITION	\$ 231,951

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

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 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Custodial Funds
ADDITIONS	
Contributions	\$ 113,304
TOTAL ADDITIONS	113,304
DEDUCTIONS	
Beneficiary payments to clubs	135,147
TOTAL DEDUCTIONS	135,147
Net increase (decrease) in fiduciary net position before transfers	(21,843)
TRANSFERS	
Transfers in from Rowlett Academy Custodial Funds	107,795
TOTAL TRANSFERS	107,795
Net increase (decrease) in fiduciary net position	85,952
Net position – beginning of year as originally stated	-
Change in accounting principle (Note 1)	144,966
Net position – beginning of year as restated	144,966
Net position – ending	\$ 230,918

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

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ACADEMY FOR ARTS & COMMUNICATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The basic financial statements of Rowlett Middle Academy present only the balances, activity and disclosures related to Rowlett Middle Academy. They do not purport to, and do not present the financial position of William Monroe Rowlett Academy for Arts & Communication, Inc. as of June 30, 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 Middle Academy opened as a middle school in the 2017-18 school year in Manatee County. Rowlett Middle Academy is the second charter school operated under William Monroe Rowlett Academy for Arts & Communication, Inc. The other school is Rowlett Academy which is an elementary school.

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

Basis of Presentation

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

Government-wide and Fund Financial Statements

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide and Fund Financial Statements – Continued

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

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function (or segment) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The individual generic fund type in Rowlett Middle Academy's financial statements is a governmental fund. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. Each governmental fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures. Rowlett Middle Academy reports the following governmental funds in which have been elected to be reported as major funds:

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

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

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

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

Additionally, Rowlett Middle Academy reports Custodial Funds which are a fiduciary fund type. The Custodial Funds are used to account for resources of Rowlett Middle Academy's internal account funds which are used in connection with school, student, class, and club activities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Custodial funds are also reported using the accrual basis of accounting.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available, if they are collected within 60 days of the end of the current period. When grant terms provide that the expenditure of resources is the determining factor for eligibility for federal, state and other grant resources, revenue is recognized at the time the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

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

Cash

Rowlett Middle Academy's cash consists of deposits with financial institutions that are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021 the carrying amount of Rowlett Middle Academy's deposits was \$245,984 and the bank balances were \$333,484. Additionally, at June 30, 2021, the carrying amount of the Custodial Funds' deposits were \$219,482 and the bank balances were \$182,714. At year end, Rowlett Middle Academy had bank balances in excess of FDIC limits of \$83,484.

Capital Assets

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources

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

Fund Equity

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

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

Fund balances are classified as follows:

- *Nonspendable:* Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (1) not in spendable form (i.e., items that are not expected to be converted to cash) or (2) legally or contractually required to be maintained intact. Nonspendable fund balance at June 30, 2021 included prepaid expenses of \$70,693 and deposits of \$6,165, which totals \$76,858.
- *Restricted:* Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Committed:* Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraint imposed by formal action of the Board of Directors. Only the Board of Directors may modify or rescind the commitment.
- *Assigned:* Fund balances are reported as assigned when amounts are constrained by Rowlett Middle Academy’s intent to be used for specific purposes, but are neither restricted nor committed. Currently there is no one employee authorized to assign fund balances. As a result, only the Board of Directors are authorized to make assignments.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Equity – Continued

- *Unassigned:* Fund balances are reported as unassigned as the residual amount when balances do not meet any of the above criterion. Rowlett Middle Academy reports negative unassigned fund balance as of June 30, 2021 in the amount of \$104,961.

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

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

Budgetary Information

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

Revenue Sources

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pensions

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

Estimates

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

Change in Accounting Principle

Effective July 1, 2020, Rowlett Middle 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 \$144,966.

Change in Presentation

Effective July 1, 2020, Rowlett Middle Academy changed the presentation of its governmental funds. In previous years, all activity was reported in the General Fund. Rowlett Middle Academy has adopted a Special Revenue Fund for food services activity; a Capital Projects 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 had no effect on fund balance reported as of June 30, 2020.

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER WILLIAM MONROE ROWLETT
ACADEMY FOR ARTS & COMMUNICATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
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	\$ 454,235	\$ -	\$ -	\$ 454,235
Construction in progress	155,000	273,589	(155,000)	273,589
Total capital assets, not being depreciated	609,235	273,589	(155,000)	727,824
Capital assets being depreciated:				
Buildings and improvements	2,343,106	218,600	-	2,561,706
Furniture, fixtures and equipment	1,077,649	97,052	-	1,174,701
Total capital assets being depreciated	3,420,755	315,652	-	3,736,407
Less accumulated depreciation for:				
Buildings and improvements	318,535	132,938	-	451,473
Furniture, fixtures and equipment	385,231	194,855	-	580,086
Total accumulated depreciation	703,766	327,793	-	1,031,559
Total capital assets, being depreciated, net	2,716,989	(12,141)	-	2,704,848
Governmental activities capital assets, net	<u>\$ 3,326,224</u>	<u>\$ 261,448</u>	<u>\$ (155,000)</u>	<u>\$ 3,432,672</u>

Depreciation expense in the amount of \$327,793 for the year ended June 30, 2021, was allocated to the following governmental functions:

Instruction	\$ 244,253
School Administration	55,038
Food Services	15,313
Operation of Plant	13,189
	<u>\$ 327,793</u>

NOTE 3 – LONG-TERM LIABILITIES

Mortgage Payable

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

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

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

NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

Future maturities on the mortgage are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 54,515	\$ 82,762	\$ 137,277
2023	53,607	73,415	127,022
2024	56,070	70,952	127,022
2025	58,646	68,376	127,022
2026	61,340	65,682	127,022
2027	1,644,481	42,230	1,686,711
	<u>\$ 1,928,659</u>	<u>\$ 403,417</u>	<u>\$ 2,332,076</u>

In accordance with the mortgage agreement, default is defined as (i) failure to pay or perform any obligation, liability or indebtedness of any of obligors to the bank, whether under the mortgage or any other agreement, note or instrument now or hereafter existing, on or before ten (10) days from date due (with certain exceptions); (ii) the failure to pay or perform any other obligation, liability or indebtedness of any obligors, the security for which constitutes an encumbrance on the security for this note; (iii) a proceeding being filed or commenced against any of obligors for dissolution or liquidation, or any of obligors voluntarily or involuntarily terminating or dissolving or being terminated or dissolved; (iv) insolvency of, business failure of, the appointment of a custodian, trustee, liquidator or receiver for or for any of the property of, or an assignment for the benefit of creditors by, or the filing of a petition under bankruptcy, insolvency or debtor's relief law or for any adjustment of indebtedness, of, or an assignment for the benefit of creditors by, or the filing of a petition under bankruptcy, insolvency or debtor's relief law or for any adjustment of indebtedness, composition or extension by or against any obligors; (v) any attachment, lien or additional security interest being placed upon any of the property which is security for this note; (vi) acquisition at any time or from time to time of title to the whole of or any part of the property which is security for this note by any person, partnership, corporation or other entity other than any of obligors; (vii) bank determining that any representation or warranty made by any of obligors to bank is, or was, untrue or materially misleading; (viii) any default under the security documents, (ix) entry of a judgment against any obligor in excess of \$15,000 which is not satisfied, stayed or appealed within thirty (30) days after entry; or, (x) the failure of any obligor to timely provide to bank any financial information required of such obligor pursuant to any document executed by such obligor in connection with this note.

Whenever there is a default under this note (a) the entire balance outstanding hereunder and all other obligations of obligors to bank shall, at the option of the bank, become forthwith due and payable, without presentment, notice, protest or demand of any kind for the payment of the whole or any part hereof (all of which are expressly waived by obligors), and/or (b) to the extent permitted by law, the rate of interest on the unpaid principal shall, at the option of the bank, be increased to the maximum rate allowed by law, or if none, 25% per annum (the "default rate") of which default rate shall be equally applicable to any judgment entered hereon; and/or (c) to the extent permitted by law, a delinquency charge may be imposed in an amount not to exceed five percent (5%) of any installment payment in default for more than ten (10) days.

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

NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

In the case of an event of default for which bank does not accelerate this note, the bank may elect to increase the then applicable interest rate charged hereon by an additional one percent (1.0%) for a period beginning three (3) business days after written notice of such event of default is given to obligor and ending upon curing of the event of default. The bank shall have the right, at its option, during the period for which such event of default remains uncured, to continue to increase the rate charged hereon by an additional one percent (1.0%) for every successive thirty (30) day period for which such event of default continues. On the date the event of default is cured, the interest rate shall revert to the then applicable rate stated herein.

Note Payable

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

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

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

Future maturities on the note payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,054	\$ 1,355	\$ 4,409
2023	3,452	957	4,409
2024	3,902	508	4,410
	<u>\$ 10,408</u>	<u>\$ 2,820</u>	<u>\$ 13,228</u>

Capital Lease Obligations

During 2018, Rowlett Middle Academy entered into a capital lease agreement for the purchase of iPads for student use. The lease bears an interest rate of 3% and requires quarterly payments of \$2,628. The lease expired during the 2021 fiscal year.

During 2020, Rowlett Middle Academy entered into a capital lease agreement for a new chiller in the amount of \$200,646. The lease bears an interest rate of 6.45% and requires monthly payments of \$2,975. The initial cost of the chiller was \$208,319 and incurred accumulated depreciation of \$20,832 through June 30, 2021. The net book value of the chiller at June 30, 2021 is \$187,487.

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

NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

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

2022	\$ 35,700
2023	35,700
2024	35,700
2025	35,700
2026	35,700
2027	29,068
Total minimum lease payments	<u>207,568</u>
Less amount representing interest	(34,163)
Present value of the minimum lease payments	<u><u>\$ 173,405</u></u>

Compensated absences

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

The net pension liability is described in Note 6.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
Mortgage payable	\$ 1,986,390	\$ -	\$ (57,731)	1,928,659	\$ 54,515
Note payable	-	14,742	(4,334)	10,408	3,054
Capital lease obligation	197,221	-	(23,816)	173,405	25,399
Compensated absences	99,491	126,435	(126,435)	99,491	24,623
Net pension liability	686,669	2,671,638	(474,036)	2,884,271	65,024
	<u>\$ 2,969,771</u>	<u>\$ 2,812,815</u>	<u>\$ (686,352)</u>	<u>\$ 5,096,234</u>	<u>\$ 172,615</u>

NOTE 4 – RISK MANAGEMENT PROGRAMS

Rowlett Middle Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees for which Rowlett Middle Academy has purchased commercial insurance.

Rowlett Middle Academy has not had any reduction in insurance coverage and the amount of claims resulting from these risks has not exceeded insurance coverage for the last three years.

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER WILLIAM MONROE ROWLETT
 ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 NOTES TO 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	\$	18,226
Title IV		10,649
CARES Act		106,869
		135,744
State through local		
Base funding of enrollment		3,178,897
ESOL		9,910
Exceptional student education		175,199
Supplemental academic instruction		165,488
Safe Schools		69,273
Class size adjustment		575,753
Reading allocation		26,101
Instruction materials		51,422
Transportation		117,930
Florida Teach Lead		12,675
Digital Classroom		1,465
Mental Health		22,667
Charter School Capital Outlay		346,543
Teacher Salary Allocation		101,856
Other		3,000
		4,858,179
Local		
After school care		92,706
Food services		233,375
Charter School Block Grant		284,011
Referendum Millage		535,250
Safety and Security Grant		687
Sales Tax Block Grant		24,650
Rental income		15,144
Grants		32,996
Interest on investments		6
Other		5,136
		1,223,961
Total Revenues	\$	6,217,884

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

NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM

Plan Description

All part-time and full-time permanent employees of Rowlett Middle Academy are provided with pensions through the Florida Retirement System (FRS) which is administered by the Florida Department of Management Services, Division of Retirement. The State of Florida issues a publicly available 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.

ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER WILLIAM MONROE ROWLETT
ACADEMY FOR ARTS & COMMUNICATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
NOTES TO 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 Middle 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 Middle Academy were \$203,805 for the year ended June 30, 2021, which equaled required contributions and approximated 10.09% 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 Middle Academy had employee and employer contributions totaling \$24,097 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 Middle Academy reported a liability of \$2,884,271 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 Middle Academy's proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2020, Rowlett Middle Academy's proportion was 0.004582146% for FRS and 0.007357194% for HIS which was consistent with its proportion measured in the previous year. These increased over the proportions at June 30, 2019 due to a full year of participation in the FRS and HIS. At June 30, 2019, Rowlett Middle Academy's proportion was 0.001347383% for FRS and 0.001989889% for HIS which was consistent with its proportion measured in the previous year.

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

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 Middle Academy recognized pension expense of \$781,373. Additionally, Rowlett Middle Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 76,007	\$ –	\$ 36,746	\$ 693
Changes in assumptions	359,524	–	96,593	52,233
Net difference between projected and actual earnings on pension plan investments	118,246	–	717	–
Change in proportion and differences between contributions and proportionate share of contributions	871,047	–	642,656	–
Rowlett Academy contributions subsequent to the June 30, 2020 measurement date	206,365	–	46,931	–
	<u>\$ 1,631,189</u>	<u>\$ –</u>	<u>\$ 823,643</u>	<u>\$ 52,926</u>

Total deferred outflows were \$2,454,832 and total deferred inflows were \$52,926. \$206,365 (FRS) and \$46,931 (HIS) reported as deferred outflows of resources related to pensions resulting from Rowlett Middle Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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	\$ 245,103	\$ 100,569
2023	245,103	100,569
2024	245,103	100,569
2025	245,103	100,569
2026	245,104	100,571
Thereafter	199,308	220,939
	<u>\$1,424,824</u>	<u>\$ 723,786</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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A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

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.

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

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

The following presents Rowlett Middle Academy’s proportionate share of the FRS net pension liability calculated using the discount rate of 6.80%, as well as what Rowlett Middle Academy’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
Rowlett Middle Academy’s proportionate share of the FRS net pension liability	\$ 3,171,260	\$ 1,985,970	\$ 996,010

The following presents Rowlett Middle Academy’s proportionate share of the HIS net pension liability calculated using the discount rate of 2.21%, as well as what Rowlett Middle Academy’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Rowlett Middle Academy’s proportionate share of the HIS net pension liability	\$ 1,038,396	\$ 898,301	\$ 783,634

Pension Plan Fiduciary Net Position

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

Aggregate Information for Retirement Plans

	Deferred Outflows	Net Pension Liability	Deferred Inflows
FRS	\$ 1,631,189	\$ 1,985,970	\$ –
HIS	823,643	898,301	52,926
	\$ 2,454,832	\$ 2,884,271	\$ 52,926

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

NOTE 7- DEFINED CONTRIBUTION RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM

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

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

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

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

Similar to the defined benefit plan, employees are required to contribute 3% and employers are required to contribute based on class. Rowlett Middle Academy's contractually required contribution rate for the year ended June 30, 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 Middle Academy employer contributions totaled \$80,766. As of June 30, 2021, Rowlett Middle Academy had employee and employer contributions totaling \$9,842 due to the Investment Plan.

NOTE 8 – RELATED PARTY TRANSACTIONS

William Monroe Rowlett Academy for Arts & Communication, Inc. operates Rowlett Academy (an elementary school) and Rowlett Middle Academy. At June 30, 2021, Rowlett Middle Academy has a receivable from the Rowlett Academy Custodial Funds of \$36,195. Additionally, the Rowlett Academy Custodial Funds owed the Custodial Funds \$12,469 as of June 30, 2021.

As of June 30, 2020, Rowlett Middle Academy owed Rowlett Academy \$203,535.

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

NOTE 9 – CONTINGENCIES

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

NOTE 10 – SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES				
Federal through local	\$ 21,000	\$ 156,552	\$ 135,744	\$ (20,808)
State through local	4,884,560	4,819,532	4,858,179	38,647
Local	946,826	937,538	990,586	53,048
Total Revenues	<u>5,852,386</u>	<u>5,913,622</u>	<u>5,984,509</u>	<u>70,887</u>
EXPENDITURES				
Current				
Instruction	3,369,734	3,256,590	3,136,923	119,667
Pupil personnel services	295,282	309,252	318,895	(9,643)
Instructional media services	251,784	300,653	251,462	49,191
Instructional staff training	16,883	20,341	3,582	16,759
General administration	28,070	14,032	27,891	(13,859)
School administration	446,153	506,491	527,509	(21,018)
Professional services	83,402	91,172	87,162	4,010
Central services	42,033	34,473	34,480	(7)
Pupil transportation services	235,000	235,001	273,069	(38,068)
Operation of plant	686,564	674,585	656,604	17,981
Community services	102,894	66,392	65,869	523
Maintenance of plant	15,000	15,000	-	15,000
Total Expenditures	<u>5,572,799</u>	<u>5,523,982</u>	<u>5,383,446</u>	<u>140,536</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	279,587	389,640	601,063	211,423
OTHER FINANCING SOURCES (USES)				
Transfers, net	-	-	(538,434)	(538,434)
NET CHANGE IN FUND BALANCE	279,587	389,640	62,629	(327,011)
FUND BALANCE - Beginning of year	(90,732)	(90,732)	(90,732)	-
FUND BALANCE - End of year	<u>\$ 188,855</u>	<u>\$ 298,908</u>	<u>\$ (28,103)</u>	<u>\$ (327,011)</u>

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 SCHEDULE OF 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	\$ 272,235	\$ 231,366	\$ 233,375	\$ 2,009
Total Revenues	<u>272,235</u>	<u>231,366</u>	<u>233,375</u>	<u>2,009</u>
EXPENDITURES				
Current				
Food services	235,759	176,520	176,509	11
Total Expenditures	<u>235,759</u>	<u>176,520</u>	<u>176,509</u>	<u>11</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	36,476	54,846	56,866	2,020
OTHER FINANCING SOURCES (USES)				
Transfers, net	-	-	(56,866)	(56,866)
NET CHANGE IN FUND BALANCE	36,476	54,846	-	(54,846)
FUND BALANCE - Beginning of year	-	-	-	-
FUND BALANCE - End of year	<u><u>\$ 36,476</u></u>	<u><u>\$ 54,846</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (54,846)</u></u>

ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER WILLIAM MONROE ROWLETT
ACADEMY FOR ARTS & COMMUNICATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET

NOTE 1 – BUDGETARY INFORMATION

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

General Fund revenues were in excess of budget in the amount of \$70,887 and expenditures were less than budget in the amount of \$140,536, largely due to instruction personnel cost being less than initially planned.

Special Revenue Fund revenues were in excess of budget in the amount of \$2,009 and expenditures were less than budget in the amount of \$11.

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY – FLORIDA RETIREMENT SYSTEM**

FLORIDA RETIREMENT SYSTEM (FRS)
 Last Four Fiscal Years *

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

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

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 SCHEDULE OF THE CHARTER SCHOOL'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY – RETIREE HEALTH INSURANCE SUBSIDY**

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

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

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

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

FLORIDA RETIREMENT SYSTEM (FRS)
 Last Four Fiscal Years *

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution **	\$ -	\$ -	\$ 41,779	\$ 152,244
Contributions in relation to the contractually required contribution	-	-	41,779	152,244
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638
Contributions as a percentage of covered payroll	0.00%	0.00%	2.02%	7.53%

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

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

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS - RETIREE HEALTH INSURANCE SUBSIDY**

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

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

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

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

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER WILLIAM MONROE ROWLETT
ACADEMY FOR ARTS & COMMUNICATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
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 Middle Academy
(a charter school under William Monroe Rowlett Academy for
Arts & Communication, Inc.), a charter school and component
unit of the School District of Manatee County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, governmental funds, and the aggregate remaining fund information of Rowlett Middle Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc. (a charter school and component unit of the School District of Manatee County, Florida), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Rowlett Middle Academy's basic financial statements, and have issued our report thereon dated October 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rowlett Middle Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rowlett Middle Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Rowlett Middle Academy's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rowlett Middle Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

October 25, 2021
Bradenton, Florida

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Rowlett Middle Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc. (a charter school and component unit of the School District of Manatee County, Florida) as of and for the fiscal year ended June 30, 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*, and the Schedule of Findings. Disclosures in that report and schedule, which are 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. Finding 2021-01 in the Schedule of Findings is a continuation of Finding 2020-01 and 2019-03 from previous years.

Official Title

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

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Rowlett Middle Academy. It is management's responsibility to monitor Rowlett Middle Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same. While Rowlett Middle Academy is not in a state of financial emergency, the general fund's fund balance was negative at June 30, 2021. See Finding 2021-01 in the Schedule of Findings.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations, other than Finding 2021-01 in the Schedule of Findings.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether Rowlett Middle Academy maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that Rowlett Middle Academy maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

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

Purpose of this Letter

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

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

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

October 25, 2021
Bradenton, Florida

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

2021-01 **General Fund – Fund Balance Deficit**

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

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

Content/Cause: The deficit position was caused by increased personnel costs.

Effect: Rowlett Middle Academy reported a general fund unassigned deficit fund balance of \$104,961, and total deficit of \$28,103. This is an improvement over the prior year general fund unassigned deficit fund balance of \$126,989, and total deficit of \$90,732.

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



Rowlett Middle Academy

For the Performing Arts and Communications

400 30th Street Ave W., Bradenton, Florida 34208

rowlettmiddleacademy.org

Phone: (941) 462- 4001

Mr. Jamara Clark, Principal

Shelbi Ericsson, Assistant Principal

Audit Finding 2021-01 Management Response

We concur with the Auditor's finding. As recommended we will monitor expenditures and amend the 2021-22 annual budget to the extent possible to ensure that fund balance reserves and revenues are sufficient to cover expenditures and the needs of the school.