

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

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

FINANCIAL STATEMENTS

JUNE 30, 2022

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

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the governmental funds, and the aggregate remaining fund information of Rowlett Academy (the "Charter School"), a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc., (a charter school and component unit of the School District of Manatee County, Florida), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the governmental funds, and the aggregate remaining fund information of the Charter School as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Charter School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

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

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

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

October 31, 2022
Bradenton, Florida



**WILLIAM MONROE ROWLETT ACADEMY
FOR ARTS AND COMMUNICATIONS, INC.**

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Chuck Fradley, EdD, Principal

Cathy Choate, Assistant Principal

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Rowlett Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc., we offer readers of the financial statements this narrative overview and analysis of the financial activities of Rowlett Academy for the fiscal year ended June 30, 2022.

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

Operating Entity

Rowlett Academy opened as an elementary school in the 2001-2002 school year as the first full-choice magnet school in Manatee County. During 2014, the School District of Manatee County (the "School District") approved it as a charter school which operates independently from the School District. Rowlett Academy's charter is held by William Monroe Rowlett Academy for Arts & Communication, Inc. which incorporated as a not-for-profit corporation. The year ended June 30, 2022 is Rowlett Academy's eighth year of operations.

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

The Statement of Net Position presents information on all of the assets, deferred outflows, deferred inflows, and liabilities as of June 30, 2022. A condensed statement of net position compared to the prior year is shown below. Total assets consists mainly of cash and capital assets used to provide services to students. The majority of the liabilities include salaries and benefits payable as well as long-term liabilities as described in Note 3. As of June 30, 2022, Rowlett Academy had a net deficit on the government-wide basis of \$1,131,691, which is the difference between total assets, plus deferred outflows, less deferred inflows and total liabilities. The net deficit is largely a result of Rowlett Academy’s recognition of their proportionate share in the Florida Retirement System pension plans.

Condensed Statements of Net Position

	Governmental Activities		
	2022	2021	Change
Current and other assets	\$ 2,501,637	\$ 1,869,660	\$ 631,977
Right-to-use assets	87,553	-	87,553
Capital assets	711,125	978,363	(267,238)
Total assets	<u>3,300,315</u>	<u>2,848,023</u>	452,292
Deferred outflows	1,726,985	2,129,987	(403,002)
Current liabilities	756,133	747,653	8,480
Noncurrent liabilities	2,716,482	5,619,798	(2,903,316)
Total liabilities	<u>3,472,615</u>	<u>6,367,451</u>	(2,894,836)
Deferred inflows	<u>2,686,376</u>	<u>318,233</u>	<u>2,368,143</u>
Net position (deficit)			
Net investment in capital assets	631,175	800,554	(169,379)
Restricted	658,233	343,906	314,327
Unrestricted	(2,421,099)	(2,852,134)	431,035
Total net position (deficit)	<u>\$ (1,131,691)</u>	<u>\$ (1,707,674)</u>	<u>\$ 575,983</u>

Total assets largely increased due to an increase in cash from current year operations offset by amortization of right-to-use assets and depreciation of capital assets.

Changes in deferred outflows and inflows are a result of a change in Rowlett Academy's proportionate share in the Florida Retirement System (FRS), as well as a net decrease in net pension liability, included in noncurrent liabilities, related to investment performance of the Plan.

The Statement of Activities presents information showing how Rowlett Academy's net position on the government-wide basis increased by \$575,983 during the current year, an improvement over the prior year of \$886,019. Revenues are largely a result of state and local revenue based on student allocation, tax proceeds, and revenues from food and community services. A significant portion of expenses are a result of payment of salaries and related benefits to teachers and administrative staff, as well as the recognition of Rowlett Academy's proportionate share of the Florida Retirement System's net pension liability, deferred outflows and deferred inflows.

Condensed Statements of Activities

	Governmental Activities		
	2022	2021	Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,025,474	\$ 699,863	\$ 325,611
	1,025,474	699,863	325,611
General revenues:			
Grants and contributions not restricted to specific programs	8,187,889	8,157,684	30,205
Total general revenues	8,187,889	8,157,684	30,205
Transfers from the Custodial Funds	-	25,442	(25,442)
Total revenues	9,213,363	8,882,989	330,374
Expenses:			
Instruction	5,876,275	6,198,699	(322,424)
Pupil personnel services	296,665	401,229	(104,564)
Instructional media services	110,188	124,111	(13,923)
Instructional staff training	178,418	241,911	(63,493)
General administration	76,302	25,437	50,865
School administration	499,924	558,334	(58,410)
Professional services	137,000	115,409	21,591
Food services	398,574	363,111	35,463
Central services	60,763	78,618	(17,855)
Pupil transportation services	308,115	275,094	33,021
Operation of plant	505,995	588,178	(82,183)
Community services	177,328	195,343	(18,015)
Maintenance of plant	11,833	27,551	(15,718)
Total expenses	8,637,380	9,193,025	(555,645)
Change in net position	575,983	(310,036)	886,019
Net Position - Beginning	(1,707,674)	(1,397,638)	(310,036)
Net Position - Ending	\$ (1,131,691)	\$ (1,707,674)	\$ 575,983

Revenues increased by \$330,374 mainly due to an increase in base funding of enrollment and food services revenues. Rowlett Academy's expenses decreased during the year by \$555,645. The decrease in expense was largely due to increased personnel costs and changes in pension expense related.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements

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

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

The General Fund is the general operating fund of Rowlett Academy. The fund balance of the General Fund totaled \$1,089,570 as of June 30, 2022, which is an increase of \$311,469 over June 30, 2021. Unassigned fund balance was \$910,904 as of June 30, 2022 which is available for future spending. Revenues in the General Fund increased by \$102,988 due to an increase in base funding of enrollment. Expenditures also increased by \$174,347 due to increased personnel costs.

The Special Revenue Fund accounts for activities of the food service program that serves breakfast and lunches to students. The Special Revenue Fund reported a fund balance of \$658,233 at June 30, 2022 which is restricted for food services. Revenues in the Special Revenue Fund increased by \$252,828 and expenditures increased by \$64,780 over prior year.

The Capital Projects Fund is used to account for all capital activity. Capital expenditures during the year were limited and totaled \$7,891.

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 \$103,732.

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

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

Notes to Financial Statements

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

Capital Assets

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

	Capital Assets		
	Governmental Activities		
	2022	2021	Change
Land	\$ 579,132	\$ 579,132	\$ -
Leasehold improvements	67,269	25,844	41,425
Furniture, fixtures and equipment	64,724	373,387	(308,663)
Total (net of depreciation)	<u>\$ 711,125</u>	<u>\$ 978,363</u>	<u>\$ (267,238)</u>

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

Long-term Liabilities

Rowlett Academy has recognized its proportionate share of the FRS and HIS net pension liability in accordance with GASB Statement No. 68. At June 30, 2022, the net pension liability recognized by Rowlett Academy was \$2,385,380, a decrease over prior year by \$2,855,160 due to investment performance in the Plan.

Effective July 1, 2021, Rowlett Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB No. 87). The implementation resulted in recognizing an operating lease as a lease liability, as well as the conversion of several capital leases. The total lease liability under GASB No. 87 at June 30, 2022 was \$79,950.

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

General Fund and Special Revenue Fund Budgets

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

For the General Fund, the original and final budgeted revenues were \$8,771,160 and \$8,760,534, respectively. Original and final budgeted expenditures were \$8,033,970 and \$8,373,697, respectively. Revenues were less than budget by \$259,364 due to expected ESSER II federal funds that were not received during the fiscal year. Expenditures were less than budget by \$295,619. This was largely due to less instruction personnel costs than originally anticipated.

For the Special Revenue Fund, the original and final budgeted revenues were \$451,400 and \$656,800, respectively. Original and final budgeted expenditures were \$328,254 and \$426,870, respectively. Revenues and expenditures were consistent with the budget.

Economic Factors and Next Year's Budget

The Board has approved an operating budget for the 2022-2023 academic year. The budget demonstrates that Rowlett Academy will have a budgeted surplus from operations of \$314,802, which will be available for future spending.

Requests for Information

The financial report is designed to provide a general overview of the Rowlett Academy's finances for those with an interest in the entity's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Rowlett Academy at the William Monroe Rowlett Academy for Arts & Communication, Inc., 3500 9th St. E, Bradenton, Florida 34208.

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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF NET POSITION
 JUNE 30, 2022**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current assets	
Cash	\$ 2,087,763
Accounts and grants receivable	1,753
Receivable from Rowlett Middle Academy	233,455
Prepaid expenses	155,736
Total current assets	2,478,707
Noncurrent assets	
Deposits	22,930
Right-to-use assets, net of accumulated amortization	87,553
Capital assets, net of accumulated depreciation	711,125
Total noncurrent assets	821,608
TOTAL ASSETS	\$ 3,300,315
DEFERRED OUTFLOWS OF RESOURCES – Pension	\$ 1,726,985
LIABILITIES	
Current liabilities	
Accounts payable	\$ 100,811
Interest payable	2,299
Payable to Custodial Funds	54,561
Accrued expenses	598,462
Total current liabilities	756,133
Noncurrent liabilities	
Due within one year	146,546
Due in more than one year	2,569,936
Total noncurrent liabilities	2,716,482
TOTAL LIABILITIES	\$ 3,472,615
DEFERRED INFLOWS OF RESOURCES – Pension	\$ 2,686,376
NET POSITION (DEFICIT)	
Net investment in capital assets	\$ 631,175
Restricted	658,233
Unrestricted	(2,421,099)
TOTAL NET POSITION (DEFICIT)	\$ (1,131,691)

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

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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022**

	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	\$ 5,876,275	\$ -	\$ -	\$ -	\$ (5,876,275)
Pupil personnel services	296,665	-	-	-	(296,665)
Instructional media services	110,188	-	-	-	(110,188)
Instructional staff training	178,418	-	-	-	(178,418)
General administration	76,302	-	-	-	(76,302)
School administration	499,924	-	-	-	(499,924)
Professional services	137,000	-	-	-	(137,000)
Food services	398,574	712,194	-	-	313,620
Central services	60,763	-	-	-	(60,763)
Pupil transportation services	308,115	-	-	-	(308,115)
Operation of plant	505,995	-	-	-	(505,995)
Community services	177,328	313,280	-	-	135,952
Maintenance of plant	11,833	-	-	-	(11,833)
Total Governmental Activities	<u>8,637,380</u>	<u>1,025,474</u>	<u>-</u>	<u>-</u>	<u>(7,611,906)</u>
General Revenues:					
Grants and contributions not restricted to specific programs					<u>8,187,889</u>
Total General Revenues					<u>8,187,889</u>
Change in net position					575,983
Net Position (Deficit) – Beginning of year					<u>(1,707,674)</u>
Net Position (Deficit) – End of year					<u>\$ (1,131,691)</u>

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

**ROWLETT ACADEMY (A CHARTER SCHOOL UNDER
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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 BALANCE SHEET – GOVERNMENTAL FUNDS
 JUNE 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
ASSETS					
Cash	\$ 1,429,530	\$ 658,233	\$ -	\$ -	\$ 2,087,763
Accounts and grants receivable	1,753	-	-	-	1,753
Rowlett Middle Academy receivable	233,455	-	-	-	233,455
Prepaid expenses	155,736	-	-	-	155,736
Deposits	22,930	-	-	-	22,930
TOTAL ASSETS	\$ 1,843,404	\$ 658,233	\$ -	\$ -	\$ 2,501,637
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 100,811	\$ -	\$ -	\$ -	\$ 100,811
Payable to Custodial Funds	54,561	-	-	-	54,561
Accrued expenses	598,462	-	-	-	598,462
TOTAL LIABILITIES	753,834	-	-	-	753,834
Fund Balances:					
Nonspendable	178,666	-	-	-	178,666
Restricted	-	658,233	-	-	658,233
Unassigned	910,904	-	-	-	910,904
TOTAL FUND BALANCES	1,089,570	658,233	-	-	1,747,803
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,843,404	\$ 658,233	\$ -	\$ -	\$ 2,501,637

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

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 A CHARTER SCHOOL AND COMPONENT UNIT OF
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 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2022**

Fund Balances – Governmental Funds	\$	1,747,803
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
The right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		87,553
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		711,125
Deferred outflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		1,726,985
Deferred inflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		(2,686,376)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Interest payable		(2,299)
Net pension liability		(2,385,380)
Lease liability		(79,950)
Compensated absences		(251,152)
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(1,131,691)</u></u>

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

**ROWLETT ACADEMY (A CHARTER SCHOOL UNDER
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
REVENUES					
Federal through local	\$ 281,676	\$ -	\$ -	\$ -	\$ 281,676
State through local	7,038,287	-	-	-	7,038,287
Local	1,181,207	712,193	-	-	1,893,400
Total Revenues	<u>8,501,170</u>	<u>712,193</u>	<u>-</u>	<u>-</u>	<u>9,213,363</u>
EXPENDITURES					
Current					
Instruction	5,719,656	-	-	-	5,719,656
Pupil personnel services	294,760	-	-	-	294,760
Instructional staff training	110,768	-	-	-	110,768
Instructional media services	179,683	-	-	-	179,683
General administration	76,302	-	-	-	76,302
School administration	495,007	-	-	-	495,007
Professional services	137,315	-	-	-	137,315
Food services	-	397,866	-	-	397,866
Central services	61,007	-	-	-	61,007
Pupil transportation services	308,081	-	-	-	308,081
Operation of plant	505,378	-	-	-	505,378
Community services	178,288	-	-	-	178,288
Maintenance of plant	11,833	-	-	-	11,833
Capital outlay	-	-	7,891	-	7,891
Debt service					
Principal payments	-	-	-	100,248	100,248
Interest and fiscal charges	-	-	-	3,484	3,484
Total Expenditures	<u>8,078,078</u>	<u>397,866</u>	<u>7,891</u>	<u>103,732</u>	<u>8,587,567</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	423,092	314,327	(7,891)	(103,732)	625,796
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(111,623)	-	7,891	103,732	-
Total Other Financing Sources (Uses)	<u>(111,623)</u>	<u>-</u>	<u>7,891</u>	<u>103,732</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	311,469	314,327	-	-	625,796
FUND BALANCES – Beginning of year	778,101	343,906	-	-	1,122,007
FUND BALANCES – End of year	<u>\$ 1,089,570</u>	<u>\$ 658,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,747,803</u>

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

**ROWLETT ACADEMY (A CHARTER SCHOOL UNDER
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
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 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022**

Net change in fund balance – statement of revenues, expenditures and changes in fund balance – Governmental Funds	\$	625,796
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Amounts reported for governmental activities in the
statement of activities are different because:

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

Right-to-use asset additions	187,968	
Less amortization	(100,415)	
		87,553

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	7,891	
Less disposals of capital assets	(233,393)	
Less current depreciation	(41,736)	
		(267,238)

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

Decrease in deferred outflows – pension		(403,002)
Increase in interest payable		(2,299)
Decrease in net pension liability		2,855,160
Decrease in lease liability		97,859
Increase in deferred inflows – pension		(2,368,143)
Increase in compensated absences		(49,703)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>575,983</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 FUND
 JUNE 30, 2022**

	Custodial Funds
ASSETS	
Cash	\$ 322,412
Accounts receivable	1,272
Due from Rowlett Academy	54,561
Prepaid expenses	3,382
TOTAL ASSETS	\$ 381,627
LIABILITIES	
Accounts payable	\$ 13,383
Due to Rowlett Middle Academy	35,803
Due to Rowlett Middle Academy Custodial Funds	50,155
TOTAL LIABILITIES	99,341
NET POSITION	
Restricted for clubs	282,286
TOTAL LIABILITIES AND NET POSITION	\$ 381,627

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

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 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND
 FOR THE YEAR ENDED JUNE 30, 2022**

	Custodial Funds
ADDITIONS	
Contributions	\$ 381,070
TOTAL ADDITIONS	381,070
DEDUCTIONS	
Beneficiary payments to clubs	181,699
TOTAL DEDUCTIONS	181,699
Net increase (decrease) in fiduciary net position before transfers	199,371
TRANSFERS	
Transfers out to Rowlett Middle Academy Custodial Funds	(109,984)
TOTAL TRANSFERS	(109,984)
Net increase (decrease) in fiduciary net position	89,387
Net position – beginning of year	192,899
Net position – end of year	\$ 282,286

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

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A CHARTER SCHOOL AND COMPONENT UNIT OF
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NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The basic financial statements of Rowlett Academy present only the balances, activity and disclosures related to Rowlett Academy. They do not purport to, and do not present the financial position of William Monroe Rowlett Academy for Arts & Communication, Inc. as of June 30, 2022, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Rowlett Academy opened as an elementary school in the 2001–2002 school year as the first full-choice magnet school in Manatee County. During 2014, the School District approved it as a charter school which operates independently from the School District. This is Rowlett Academy’s eighth year of operations.

The general operating authority of Rowlett Academy is contained in Chapter 1002.33, Florida Statutes. Rowlett Academy operates under a charter of the sponsoring School District, the School District of Manatee County, Florida, which is effective through June 30, 2024. Rowlett Academy is considered a component unit of the School District. Upon dissolution or termination of the charter, all of the property, furnishings and equipment purchased with public funds, in part or in whole, automatically revert to the School District.

Basis of Presentation

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

Government-wide and Fund Financial Statements

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

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide and Fund Financial Statements – Continued

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

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

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

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

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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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 Academy's charter are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by Rowlett Academy.

Cash

Rowlett Academy's cash consists of deposits with financial institutions that are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022 the carrying amount of Rowlett Academy's deposits was \$2,087,763 and the bank balances were \$1,941,623. At year end, Rowlett Academy had bank balances in excess of FDIC limits of \$1,691,348. Additionally, at June 30, 2022, the carrying amount of the Custodial Funds' deposits were \$322,412 and the bank balances were \$323,540 and were in excess of FDIC limits of \$73,540.

Capital Assets

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

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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 Academy is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances are classified as follows:

- *Nonspendable:* Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (1) not in spendable form (i.e., items that are not expected to be converted to cash) or (2) legally or contractually required to be maintained intact. Nonspendable fund balance at June 30, 2022 included prepaid expenses of \$155,736 and deposits of \$22,930, which totals \$178,666.
- *Restricted:* Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Fund balance as of June 30, 2022 was restricted for food services in the amount of \$658,233.
- *Committed:* Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraint imposed by formal action of the Board of Directors. Only the Board of Directors may modify or rescind the commitment.
- *Assigned:* Fund balances are reported as assigned when amounts are constrained by Rowlett Academy’s intent to be used for specific purposes, but are neither restricted nor committed. Currently there is no one employee authorized to assign fund balances. As a result, only the Board of Directors are authorized to make assignments.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Equity – Continued

- *Unassigned:* Fund balances are reported as unassigned as the residual amount when balances do not meet any of the above criterion. Rowlett Academy reports unassigned fund balance as of June 30, 2022 in the amount of \$910,904.

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

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

Budgetary Information

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

Revenue Sources

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

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) (which includes FRS and HIS) and additions to/deletions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments in the cost-sharing multi-employer plan are reported at fair value (see Note 6).

Estimates

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

Change in Accounting Principle

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

The implementation of this new standard required the initial recognition of a right-to-use asset of \$187,968 and a lease liability of \$180,198 as of July 1, 2021. The adoption of GASB No. 87 had no effect on net position or fund balance, as initially reported.

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 NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 579,132	\$ -	\$ -	\$ 579,132
Total capital assets, not being depreciated	<u>579,132</u>	<u>-</u>	<u>-</u>	<u>579,132</u>
Capital assets being depreciated:				
Leasehold improvements	73,536	-	-	73,536
Furniture, fixtures and equipment	725,546	7,891	(296,073)	437,364
Total capital assets being depreciated	799,082	7,891	(296,073)	510,900
Less accumulated depreciation for:				
Leasehold improvements	47,692	21,255	(62,680)	6,267
Furniture, fixtures and equipment	352,159	20,481	-	372,640
Total accumulated depreciation	<u>399,851</u>	<u>41,736</u>	<u>(62,680)</u>	<u>378,907</u>
Total capital assets, being depreciated, net	<u>399,231</u>	<u>(33,845)</u>	<u>(233,393)</u>	<u>131,993</u>
Governmental activities capital assets, net	<u>\$ 978,363</u>	<u>\$ (33,845)</u>	<u>\$ (233,393)</u>	<u>\$ 711,125</u>

Depreciation expense in the amount of \$41,736 for the year ended June 30, 2022, was allocated to the following governmental functions:

Instruction	\$ 30,804
School Administration	7,202
Food Services	2,004
Operation of Plant	1,726
	<u>\$ 41,736</u>

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

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NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CAPITAL ASSETS – CONTINUED

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Lease assets				
iPads	\$ -	\$ 176,019	\$ -	\$ 176,019
Copier	-	11,949	-	11,949
Total lease assets	-	187,968	-	187,968
Less accumulated amortization for:				
iPads	-	96,642	-	96,642
Copier	-	3,773	-	3,773
	-	100,415	-	100,415
Total right-to-use assets, net	\$ -	\$ 87,553	\$ -	\$ 87,553

Amortization expense for the year ended June 30, 2022 was \$100,415 and is included with instruction expenses in the statement of activities.

NOTE 3 – LONG-TERM LIABILITIES

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

The lease liability is described in Note 4 and the net pension liability is described in Note 6. The liability is liquidated from the Debt Service Fund.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 201,449	\$ 284,236	\$ (234,533)	\$ 251,152	\$ 62,788
Capital lease obligation	177,809	2,389	(100,248)	79,950	75,417
Net pension liability	5,240,540	1,641,350	(4,496,510)	2,385,380	8,341
	\$ 5,619,798	\$ 1,927,975	\$ (4,831,291)	\$ 2,716,482	\$ 146,546

NOTE 4 – LEASES

During 2020, Rowlett Academy entered into a lease agreement for laptops in the amount of \$88,200. The lease bears an interest rate of 3.99% and requires quarterly payments of \$7,769. During 2021, Rowlett Academy entered into two additional lease agreements for laptops in the amount totaling \$215,280. The leases bear an interest rate of 3.45% and require annual payments of \$74,166.

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NOTES TO FINANCIAL STATEMENTS

NOTE 4 – LEASES – CONTINUED

Additionally during 2020, Rowlett Academy entered into lease agreement for office equipment. Rent paid under the operating lease agreement totaled \$3,630 during the year ended June 30, 2021. The operating lease requires monthly payments of \$330.

The lease expense for the year ended June 30, 2022 was as follows:

Lease expense		
Amortization expense by class of underlying asset		
iPads	\$	96,642
Copier		3,773
Total amortization expense		<u>100,415</u>
Interest on lease liability		3,484
Total lease expense		<u><u>\$ 103,899</u></u>

Future minimum lease payments for this lease are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 75,417	\$ 2,709	\$ 78,126
2024	3,877	83	3,960
2025	656	2	658
	<u>\$ 79,950</u>	<u>\$ 2,794</u>	<u>\$ 82,744</u>

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 NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – SCHEDULE OF REVENUE SOURCES

The following is a schedule of revenue sources and amounts:

Federal through local		
IDEA, Part B, Entitlement	\$	49,538
Title II		3,900
CARES Act		7,317
ESSER II		220,921
		281,676
State through local		
Base funding of enrollment		4,790,164
ESOL		189,627
Exceptional student education		324,942
Supplemental academic instruction		224,718
Safe Schools		55,375
Class size adjustment		932,937
Reading allocation		38,975
Instruction materials		69,642
Transportation		121,250
Florida Teach Lead		18,260
Teacher Starting Pay Increase		168,590
Digital Classroom		2,012
Mental Health		36,231
Sales Tax Block Grant		49,175
Other		16,389
		7,038,287
Local		
After school care		313,280
Food services		712,193
Referendum Millage		828,190
E-Rate		29,284
Interest on investments		135
Other		10,318
		1,893,400
Total Revenues	\$	9,213,363

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NOTES TO FINANCIAL STATEMENTS

NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM

Plan Description

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

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

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

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

Benefits Provided

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

Plan Provisions

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

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

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

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

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NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

Contributions Required and Made

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employees and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class an employee is placed into, which require employees to contribute 3% and employers to contribute based on class. Rowlett Academy's contractually required contribution rate for the year ended June 30, 2022, was 10.82% for regular employees and 18.34% for employees in the DROP program of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the pension plan from Rowlett Academy were \$396,341 for the year ended June 30, 2022, which equaled required contributions and approximates 11.18% of covered payroll.

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

As of June 30, 2022, Rowlett Academy had employee and employer contributions totaling \$43,156 due to the FRS Plan.

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

At June 30, 2022, Rowlett Academy reported a liability of \$2,385,380 for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. Rowlett Academy's proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2021, Rowlett Academy's proportion was 0.009279174% for FRS and 0.013732061% for HIS which was consistent with its proportion measured in the previous year.

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NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

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

Pertaining to the June 30, 2021 measurement, Rowlett Academy recognized pension expense of \$413,442. Additionally, Rowlett Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 120,142	\$ -	\$ 56,366	\$ 706
Changes in assumptions	479,615	-	132,360	69,403
Net difference between projected and actual earnings on pension plan investments	-	2,445,390	1,756	-
Change in proportion and differences between contributions and proportionate share of contributions	281,864	118,236	157,427	52,641
Rowlett Academy contributions subsequent to the June 30, 2020 measurement date	415,210	-	82,245	-
	<u>\$ 1,296,831</u>	<u>\$ 2,563,626</u>	<u>\$ 430,154</u>	<u>\$ 122,750</u>

Total deferred outflows were \$1,726,985 and total deferred inflows were \$2,686,376. \$415,210 (FRS) and \$82,245 (HIS) reported as deferred outflows of resources related to pensions resulting from Rowlett Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	FRS	HIS
2022	\$ (355,151)	\$ 35,258
2023	(355,151)	35,258
2024	(355,151)	35,258
2025	(355,151)	35,258
2026	(355,151)	35,259
Thereafter	93,750	48,868
	<u>\$ (1,682,005)</u>	<u>\$ 225,159</u>

Actuarial Assumptions

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

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

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NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions – Continued

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

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study performed in 2020 for the period July 1, 2013 – June 30, 2018. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but were based on certain results of the most recent experience study for the FRS Plan.

The long-term expected rate of return on pension plan investments consists of two building block components: 1) a real (in excess of inflation) return of 4.30%, consistent with the 4.17 percent real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40 percent as adopted in October 2021 by the FRS Actuarial Assumption Conference. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1.0%	2.2%
Fixed income	20.0%	3.8%
Global equity	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%

Discount Rate

The discount rate used to measure the total FRS pension liability was 6.80%, and the HIS pension liability was 2.16%. The HIS rate decreased from 2.21% to 2.16% in the most recent actuarial study. The HIS rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions – Continued

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

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

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

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

	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
Rowlett Academy’s proportionate share of the FRS net pension liability	\$ 3,134,633	\$ 700,936	(\$ 1,333,362)

The following presents the Charter School’s proportionate share of the HIS net pension liability calculated using the discount rate of 2.16%, as well as what the Rowlett Academy’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percent–point lower or 1–percentage–point higher than the current rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Rowlett Academy’s proportionate share of the HIS net pension liability	\$ 1,947,380	\$ 1,684,444	\$ 1,469,026

Pension Plan Fiduciary Net Position

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

Aggregate Information for Retirement Plans

	Deferred Outflows	Net Pension Liability	Deferred Inflows
FRS	\$ 1,296,831	\$ 700,936	\$ 2,563,626
HIS	430,154	1,684,444	122,750
	\$ 1,726,985	\$ 2,385,380	\$ 2,686,376

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NOTE 7- DEFINED CONTRIBUTION RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM

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

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Retirement benefits are based upon the value of the member's account upon retirement. The Investment Plan is funded with the same employer and employee contribution rates that are based on the salary and membership class as the FRS defined benefit plan. The Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

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

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

Similar to the defined benefit plan, employees are required to contribute 3% and employers are required to contribute based on class. Rowlett Academy's contractually required contribution rate for the year ended June 30, 2022 was 10.82% for regular employees and 18.34% for employees in the DROP program of annual payroll. Contributions are directed to the individual member accounts, and individual members allocate contributions and account balances among various approved investment choices. During 2022, Rowlett Academy employer contributions totaled \$152,948. As of June 30, 2022, Rowlett Academy had employee and employer contributions totaling \$17,859 due to the Investment Plan.

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NOTE 8 – RELATED PARTY TRANSACTIONS

William Monroe Rowlett Academy for Arts & Communication, Inc. operates Rowlett Academy. During the fiscal year ended June 30, 2017, a second charter school was approved by the School District for a middle school (Rowlett Middle Academy). As of June 30, 2022, Rowlett Middle Academy owed Rowlett Academy \$233,455.

As of June 2022, Rowlett Academy has a payable due to the Custodial Funds in the amount of \$54,561.

As of June 30, 2022, the Custodial Funds owed Rowlett Middle Academy \$35,803. The Custodial Funds also owed Rowlett Middle Academy Custodial Funds \$50,155 and made transfers during the year of \$109,984.

NOTE 9 – CONTINGENCIES

When Rowlett Academy separated with the School District effective July 1, 2014, teachers and other employees of the School District that transferred to Rowlett Academy were provided the option of remaining a Rowlett Academy employee or returning to the School District after two years. For employees that remain with Rowlett Academy, Rowlett Academy initially agreed to take over compensated absences earned at the School District at the time of separation. However, the School District is currently paying past compensated absences to former employees who have retired and may plan to continue to do such going forward. Since Rowlett Academy cannot determine the extent to which Rowlett Academy will be responsible for these past absences, an estimate of the potential liability cannot be determined and has not been recognized as of June 30, 2022.

NOTE 10 – RISK MANAGEMENT PROGRAMS

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

NOTE 11 – SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTRY INFORMATION

**ROWLETT ACADEMY (A CHARTER SCHOOL UNDER
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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022**

GENERAL FUND				
REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Federal through local	\$ 782,391	\$ 739,192	\$ 281,676	\$ (457,516)
State through local	6,930,569	6,827,447	7,038,287	210,840
Local	1,058,200	1,193,895	1,181,207	(12,688)
Total Revenues	<u>8,771,160</u>	<u>8,760,534</u>	<u>8,501,170</u>	<u>(259,364)</u>
EXPENDITURES				
Current				
Instruction	5,330,451	5,844,545	5,719,656	124,889
Pupil personnel services	572,404	320,663	294,760	25,903
Instructional media services	96,735	102,167	110,768	(8,601)
Instructional staff training	227,415	226,747	179,683	47,064
General administration	85,390	86,100	76,302	9,798
School administration	465,178	480,952	495,007	(14,055)
Professional services	145,169	163,269	137,315	25,954
Central services	78,015	64,975	61,007	3,968
Pupil transportation services	297,675	310,385	308,081	2,304
Operation of plant	535,569	556,140	505,378	50,762
Community services	188,475	203,060	178,288	24,772
Maintenance of plant	11,494	14,694	11,833	2,861
Total Expenditures	<u>8,033,970</u>	<u>8,373,697</u>	<u>8,078,078</u>	<u>295,619</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	737,190	386,837	423,092	36,255
OTHER FINANCING SOURCES (USES)				
Transfers, net	-	-	(111,623)	(111,623)
NET CHANGE IN FUND BALANCE	737,190	386,837	311,469	(75,368)
FUND BALANCE - Beginning of year	778,101	778,101	778,101	-
FUND BALANCE - End of year	<u>\$ 1,515,291</u>	<u>\$ 1,164,938</u>	<u>\$ 1,089,570</u>	<u>\$ (75,368)</u>

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

SPECIAL REVENUE FUND				
REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Local	\$ 451,400	\$ 656,800	\$ 712,193	\$ 55,393
Total Revenues	<u>451,400</u>	<u>656,800</u>	<u>712,193</u>	<u>55,393</u>
EXPENDITURES				
Current				
Food services	328,254	426,870	397,866	29,004
Total Expenditures	<u>328,254</u>	<u>426,870</u>	<u>397,866</u>	<u>29,004</u>
NET CHANGE IN FUND BALANCE	123,146	229,930	314,327	84,397
FUND BALANCE - Beginning of year	-	-	343,906	343,906
FUND BALANCE - End of year	<u><u>\$ 123,146</u></u>	<u><u>\$ 229,930</u></u>	<u><u>\$ 658,233</u></u>	<u><u>\$ 428,303</u></u>

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET

NOTE 1 – BUDGETARY INFORMATION

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

General Fund revenues were less than budget in the amount of \$259,364 due to expected ESSER II federal funds that were not received during the fiscal year. Expenditures were less than budget in the amount of \$295,619, largely due to instruction personnel cost being less than initially planned.

Special Revenue Fund revenues exceeded budget in the amount of \$55,393 and expenditures were less than budget in the amount of \$29,004.

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

FLORIDA RETIREMENT SYSTEM (FRS)
Last Nine Fiscal Years *

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Charter School's proportion of the net pension liability	0%	0%	0.007272350%	0.008549198%	0.009550518%	0.008934487%	0.008615791%	0.008360840%	0.009279174%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ 939,322	\$ 2,158,679	\$ 2,824,979	\$ 2,691,114	\$ 2,967,159	\$ 3,623,711	\$ 700,936
Charter School's covered payroll	\$ -	\$ -	\$ 3,129,103	\$ 3,515,039	\$ 3,436,039	\$ 3,444,995	\$ 3,607,864	\$ 3,564,328	\$ 3,545,985
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	30%	61%	82%	78%	82%	102%	20%
Plan fiduciary net position as a percentage of total pension liability	88.54%	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%

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

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Charter School's proportion of the net pension liability	0%	0%	0.010250638%	0.012931039%	0.014104187%	0.013698717%	0.013130599%	0.013242019%	0.013732061%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ 1,045,404	\$ 1,507,059	\$ 1,508,085	\$ 1,449,888	\$ 1,469,183	\$ 1,616,829	\$ 1,684,444
Charter School's covered payroll	\$ -	\$ -	\$ 3,129,103	\$ 3,515,039	\$ 3,436,039	\$ 3,444,995	\$ 3,607,864	\$ 3,564,328	\$ 3,545,985
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	33%	43%	44%	42%	41%	45%	48%
Plan fiduciary net position as a x percentage of total pension liability	1.78%	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%

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

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

FLORIDA RETIREMENT SYSTEM (FRS)
 Last Nine Fiscal Years *

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution **	\$ -	\$ -	\$ 177,306	\$ 208,486	\$ 248,623	\$ 254,626	\$ 267,152	\$ 277,794	\$ 353,496
Contributions in relation to the contractually required contribution	-	-	177,306	208,486	248,623	254,626	267,152	277,794	353,496
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 3,129,103	\$ 3,515,039	\$ 3,436,039	\$ 3,444,995	\$ 3,607,864	\$ 3,564,328	\$ 3,545,985
Contributions as a percentage of covered payroll	0%	0%	5.67%	5.93%	7.24%	7.39%	7.40%	7.79%	9.97%

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

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

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution **	\$ -	\$ -	\$ 39,184	\$ 66,280	\$ 74,643	\$ 74,288	\$ 72,913	\$ 76,308	\$ 80,717
Contributions in relation to the contractually required contribution	-	-	39,184	66,280	74,643	74,288	72,913	76,308	80,717
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 3,129,103	\$ 3,515,039	\$ 3,436,039	\$ 3,444,995	\$ 3,607,864	\$ 3,564,328	\$ 3,545,985
Contributions as a percentage of covered payroll	0%	0%	1.25%	1.89%	2.17%	2.16%	2.02%	2.14%	2.28%

* – 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 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 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS program were based on certain results of the most recent experience study for the FRS pension plan.

The total pension liability for the FRS and HIS plan was determined by an actuarial valuation as of July 1, 2021. Both plans used the individual entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension liability for the program. Mortality assumptions for the FRS plan was based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS program were based on the Generational PUB-2010 with Projection Scale MP-2018.

The following changes in actuarial assumptions occurred in 2021:

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

OTHER AUDITOR'S REPORTS

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, governmental funds, and the aggregate remaining fund information of Rowlett Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc. (a charter school and component unit of the School District of Manatee County, Florida), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Rowlett Academy’s basic financial statements, and have issued our report thereon dated October 31, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

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

October 31, 2022
Bradenton, Florida

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Rowlett Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc. (a charter school and component unit of the School District of Manatee County, Florida) as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated October 31, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 31, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title

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

Financial Condition and Management

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

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for Rowlett Academy. It is management's responsibility to monitor Rowlett Academy's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

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

Additional Matters

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

Purpose of this Letter

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

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

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

October 31, 2022
Bradenton, Florida