

**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, 2023

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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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, each major fund, 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, 2023, 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, each major fund, and the aggregate remaining fund information of the Charter School as of June 30, 2023, 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 2023, the Charter School adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Agreements*. 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 10, 2023 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.

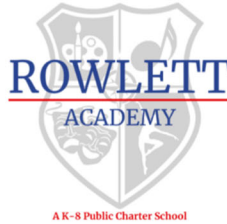
*Christopher, Smith,
Leonard & Stanell, P.A.*

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

October 10, 2023
Bradenton, Florida

ELEMENTARY CAMPUS
3500 9th Street East
Bradenton, FL 34208
941-708-6100
Principal/Director: Cathy Choate, EdS
Asst. Principal: Mihija Daniel, EdS

K-8 OPERATIONS
Director: Chuck Fradley, EdD



MIDDLE CAMPUS
400 30th Avenue West
Bradenton, FL 34205
941-462-2001
Principal/Director: Jamara Clark, MEd
Asst. Principals: Shelbi Ericsson, MEd
and Rebecca Dean, MEd

www.rowlettacademies.org

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, 2023.

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, 2023 is Rowlett Academy's ninth 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, 2023. 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, 2023, Rowlett Academy had total net position on the government-wide basis of \$887,534, which is the difference between total assets, plus deferred outflows, less deferred inflows and total liabilities. Unrestricted net position is a deficit of \$1,462,289 largely as 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		
	2023	2022	Change
Current and other assets	\$ 4,167,516	\$ 2,501,637	\$ 1,665,879
Right-to-use assets	200,378	87,553	112,825
Capital assets	2,559,937	711,125	1,848,812
Total assets	<u>6,927,831</u>	<u>3,300,315</u>	<u>3,627,516</u>
Deferred outflows	1,982,542	1,726,985	255,557
Current liabilities	1,224,616	756,133	468,483
Noncurrent liabilities	6,436,964	2,716,482	3,720,482
Total liabilities	<u>7,661,580</u>	<u>3,472,615</u>	<u>4,188,965</u>
Deferred inflows	361,259	2,686,376	(2,325,117)
Net position (deficit)			
Net investment in capital assets	1,597,915	631,175	966,740
Restricted	751,908	658,233	93,675
Unrestricted	(1,462,289)	(2,421,099)	958,810
Total net position (deficit)	<u>\$ 887,534</u>	<u>\$ (1,131,691)</u>	<u>\$ 2,019,225</u>

Total assets largely increased due to an increase in cash from current year operations and the purchase of ten school buses during the year.

Changes in deferred outflows and inflows are a result of a change in Rowlett Academy's proportionate share in the Florida Retirement System (FRS), as well as a net increase in net pension liability, included in noncurrent liabilities, 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 \$2,019,225 during the current year, an improvement over the prior year of \$1,443,242. 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		
	2023	2022	Change
Revenues:			
Program revenues:			
Charges for services	\$ 1,095,368	\$ 1,025,474	\$ 69,894
	1,095,368	1,025,474	69,894
General revenues:			
Grants and contributions not restricted to specific programs	9,926,842	8,187,889	1,738,953
Sale of capital assets	1,014,323	-	1,014,323
Total general revenues	10,941,165	8,187,889	2,753,276
 Total revenues	 12,036,533	 9,213,363	 2,823,170
 Expenses:			
Instruction	6,321,670	5,876,275	445,395
Pupil personnel services	358,198	296,665	61,533
Instructional media services	194,301	110,188	84,113
Instructional staff training	234,510	178,418	56,092
General administration	100,408	76,302	24,106
School administration	595,657	499,924	95,733
Professional services	379,688	137,000	242,688
Food services	435,742	398,574	37,168
Central services	65,355	60,763	4,592
Pupil transportation services	504,221	308,115	196,106
Operation of plant	625,708	505,995	119,713
Community services	188,958	177,328	11,630
Maintenance of plant	12,892	11,833	1,059
Total expenses	10,017,308	8,637,380	1,379,928
 Change in net position	 2,019,225	 575,983	 1,443,242
Net Position - Beginning	(1,131,691)	(1,707,674)	575,983
Net Position - Ending	\$ 887,534	\$ (1,131,691)	\$ 2,019,225

Revenues increased by \$2,283,170 mainly due to an increase in base funding of enrollment, food services revenues, pupil transportation services, ESSER grants, sale of capital assets and an Employee Retention Credit. Rowlett Academy's expenses increased during the year by \$1,379,928. The increase in expense was largely due to increased personnel costs and increase pension expense related to the recognition of Rowlett Academy's proportionate share in the Florida Retirement System pension plans.

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 \$2,194,968 as of June 30, 2023, which is an increase of \$1,105,398 over June 30, 2022. Unassigned fund balance was \$2,172,038 as of June 30, 2023 which is available for future spending. Revenues in the General Fund increased by \$2,004,326 due to an increase in base funding of enrollment, food services revenues, pupil transportation services, ESSER grants and an Employee Retention Credit. Expenditures also increased by \$703,207 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 \$751,908 at June 30, 2023 which is restricted for food services. Revenues in the Special Revenue Fund decreased by \$190,479 and expenditures increased by \$30,173 over prior year.

The Capital Projects Fund is used to account for all capital activity. Capital expenditures during the year totaled \$2,614,228 and included the purchase of ten school buses and land. The Capital Projects Fund also recognized a gain on sale of capital assets of \$1,009,323, which included the sale of land.

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 \$334,228. The Debt Service Fund also recognized proceeds from a note payable of \$1,075,000 to finance the purchase of ten school buses.

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 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, 2023 and 2022.

	Capital Assets		
	Governmental Activities		
	2023	2022	Change
Land	\$ 874,152	\$ 579,132	\$ 295,020
Construction in progress	279,802	-	279,802
Leasehold improvements	76,133	54,821	21,312
Furniture, fixtures and equipment	345,798	77,172	268,626
Vehicles	984,052	-	984,052
Total (net of depreciation)	<u>\$ 2,559,937</u>	<u>\$ 711,125</u>	<u>\$ 1,848,812</u>

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

Long-term Liabilities

During 2023, Rowlett Academy financed the purchase of ten school buses with a note agreement totaling \$1,075,000. The outstanding balance on the note as of June 30, 2023 was \$970,382.

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, 2023, the net pension liability recognized by Rowlett Academy was \$5,060,095, an increase over prior year by \$2,674,715 due to investment performance in the Plan through June 30, 2022.

Lease and subscription-based information technology arrangement liabilities totaled \$17,139 and \$119,575 as of June 30, 2023.

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 \$9,394,314 and \$9,613,013, respectively. Original and final budgeted expenditures were \$8,902,645 and \$8,873,278, respectively. Revenues exceeded budget by \$892,483 due to unbudgeted amounts received under the Employee Retention Credit program. Expenditures were less than budget by \$91,993. This was largely due to instruction personnel cost being less than initially planned.

For the Special Revenue Fund, the original and final budgeted revenues were \$656,400 and \$521,342, respectively. Original and final budgeted expenditures were \$441,621 and \$423,000, respectively. Revenues and expenditures were consistent with the budget. However, expenditures exceeded budget by \$5,039.

Economic Factors and Next Year's Budget

The Board has approved an operating budget for the 2023-2024 academic year. The budget demonstrates that Rowlett Academy will have a budgeted surplus from operations of \$377,641, which will be available for future spending.

Requests for Information

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

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 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF NET POSITION
 JUNE 30, 2023**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current assets	
Cash	\$ 2,663,935
Accounts and grants receivable	1,023,856
Receivable from Rowlett Middle Academy	456,795
Total current assets	4,144,586
Noncurrent assets	
Deposits	22,930
Right-to-use lease assets, net of accumulated amortization	25,499
Right-to-use subscription asset, net of accumulated amortization	174,879
Capital assets, net of accumulated depreciation	2,559,937
Total noncurrent assets	2,783,245
TOTAL ASSETS	\$ 6,927,831
DEFERRED OUTFLOWS OF RESOURCES – Pension	\$ 1,982,542
LIABILITIES	
Current liabilities	
Accounts payable	\$ 439,421
Interest payable	3,976
Payable to Custodial Funds	35,290
Accrued expenses	745,929
Total current liabilities	1,224,616
Noncurrent liabilities	
Due within one year	340,709
Due in more than one year	6,096,255
Total noncurrent liabilities	6,436,964
TOTAL LIABILITIES	\$ 7,661,580
DEFERRED INFLOWS OF RESOURCES – Pension	\$ 361,259
NET POSITION (DEFICIT)	
Net investment in capital assets	\$ 1,597,915
Restricted	751,908
Unrestricted	(1,462,289)
TOTAL NET POSITION (DEFICIT)	\$ 887,534

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

**ROWLETT ACADEMY (A CHARTER SCHOOL UNDER
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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023**

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 6,321,670	\$ -	\$ -	\$ -	\$ (6,321,670)
Pupil personnel services	358,198	-	-	-	(358,198)
Instructional media services	194,301	-	-	-	(194,301)
Instructional staff training	234,510	-	-	-	(234,510)
General administration	100,408	-	-	-	(100,408)
School administration	595,657	-	-	-	(595,657)
Professional services	379,688	-	-	-	(379,688)
Food services	435,742	521,714	-	-	85,972
Central services	65,355	-	-	-	(65,355)
Pupil transportation services	504,221	225,500	-	-	(278,721)
Operation of plant	625,708	-	-	-	(625,708)
Community services	188,958	348,154	-	-	159,196
Maintenance of plant	12,892	-	-	-	(12,892)
Total Governmental Activities	<u>10,017,308</u>	<u>1,095,368</u>	<u>-</u>	<u>-</u>	<u>(8,921,940)</u>
General Revenues:					
Grants and contributions not restricted to specific programs					9,926,842
Sale of capital assets					1,014,323
Total General Revenues					<u>10,941,165</u>
Change in net position					2,019,225
Net Position (Deficit) – Beginning of year					<u>(1,131,691)</u>
Net Position (Deficit) – End of year					<u>\$ 887,534</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
 BALANCE SHEET – GOVERNMENTAL FUNDS
 JUNE 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
ASSETS					
Cash	\$ 1,912,027	\$ 751,908	\$ -	\$ -	\$ 2,663,935
Accounts and grants receivable	1,023,856	-	-	-	1,023,856
Rowlett Middle Academy receivable	456,795	-	-	-	456,795
Deposits	22,930	-	-	-	22,930
TOTAL ASSETS	\$ 3,415,608	\$ 751,908	\$ -	\$ -	\$ 4,167,516
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 439,421	\$ -	\$ -	\$ -	\$ 439,421
Payable to Custodial Funds	35,290	-	-	-	35,290
Accrued expenses	745,929	-	-	-	745,929
TOTAL LIABILITIES	1,220,640	-	-	-	1,220,640
Fund Balances:					
Nonspendable	22,930	-	-	-	22,930
Restricted	-	751,908	-	-	751,908
Unassigned	2,172,038	-	-	-	2,172,038
TOTAL FUND BALANCES	2,194,968	751,908	-	-	2,946,876
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,415,608	\$ 751,908	\$ -	\$ -	\$ 4,167,516

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
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2023**

Fund Balances – Governmental Funds	\$	2,946,876
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>The right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds</p>		
Leases		25,499
Subscriptions		174,879
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds</p>		
		2,559,937
<p>Deferred outflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position</p>		
		1,982,542
<p>Deferred inflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position</p>		
		(361,259)
<p>Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds</p>		
Interest payable		(3,976)
Note payable		(970,382)
Net pension liability		(5,060,095)
Lease liability		(17,139)
Subscription liability		(119,575)
Compensated absences		(269,773)
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	\$	<u>887,534</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
BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
REVENUES					
Federal through local	\$ 1,436,674	\$ -	\$ -	\$ -	\$ 1,436,674
State through local	7,405,817	-	-	-	7,405,817
Local	1,663,005	521,714	-	-	2,184,719
Total Revenues	<u>10,505,496</u>	<u>521,714</u>	<u>-</u>	<u>-</u>	<u>11,027,210</u>
EXPENDITURES					
Current					
Instruction	5,696,986	-	-	-	5,696,986
Pupil personnel services	353,789	-	-	-	353,789
Instructional staff training	191,021	-	-	-	191,021
Instructional media services	232,150	-	-	-	232,150
General administration	99,759	-	-	-	99,759
School administration	570,256	-	-	-	570,256
Professional services	377,396	-	-	-	377,396
Food services	-	428,039	-	-	428,039
Central services	63,940	-	-	-	63,940
Pupil transportation services	366,755	-	-	-	366,755
Operation of plant	630,127	-	-	-	630,127
Community services	186,214	-	-	-	186,214
Maintenance of plant	12,892	-	-	-	12,892
Capital outlay	-	-	2,614,228	-	2,614,228
Debt service					
Principal payments	-	-	-	293,174	293,174
Interest and fiscal charges	-	-	-	41,054	41,054
Total Expenditures	<u>8,781,285</u>	<u>428,039</u>	<u>2,614,228</u>	<u>334,228</u>	<u>12,157,780</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,724,211	93,675	(2,614,228)	(334,228)	(1,130,570)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	1,009,323	-	1,009,323
Lease asset	-	-	15,287	-	15,287
Subscription asset	-	-	230,033	-	230,033
Loan proceeds	-	-	-	1,075,000	1,075,000
Transfers in (out)	(618,813)	-	1,359,585	(740,772)	-
Total Other Financing Sources (Uses)	<u>(618,813)</u>	<u>-</u>	<u>2,614,228</u>	<u>334,228</u>	<u>2,329,643</u>
NET CHANGE IN FUND BALANCES	1,105,398	93,675	-	-	1,199,073
FUND BALANCES – Beginning of year	<u>1,089,570</u>	<u>658,233</u>	<u>-</u>	<u>-</u>	<u>1,747,803</u>
FUND BALANCES – End of year	<u>\$ 2,194,968</u>	<u>\$ 751,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,946,876</u>

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

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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND
 JUNE 30, 2023**

	Custodial Funds
ASSETS	
Cash	\$ 416,263
Accounts receivable	1,285
Due from Rowlett Academy	35,290
Prepaid expenses	3,467
TOTAL ASSETS	\$ 456,305
LIABILITIES	
Accounts payable	\$ 16,900
Due to Rowlett Middle Academy	35,789
Due to Rowlett Middle Academy Custodial Funds	2,045
TOTAL LIABILITIES	54,734
NET POSITION	
Restricted for clubs	401,571
TOTAL LIABILITIES AND NET POSITION	\$ 456,305

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 CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND
 FOR THE YEAR ENDED JUNE 30, 2023**

	Custodial Funds
ADDITIONS	
Contributions	\$ 418,567
TOTAL ADDITIONS	418,567
DEDUCTIONS	
Beneficiary payments to clubs	189,282
TOTAL DEDUCTIONS	189,282
Net increase (decrease) in fiduciary net position before transfers	229,285
TRANSFERS	
Transfers out to Rowlett Middle Academy	(110,000)
TOTAL TRANSFERS	(110,000)
Net increase (decrease) in fiduciary net position	119,285
Net position – beginning of year	282,286
Net position – end of year	\$ 401,571

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

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ARTS & COMMUNICATION, INC.)
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, 2023, 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 ninth 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, 2023 the carrying amount of Rowlett Academy's deposits was \$2,663,935 and the bank balances were \$2,691,568. Additionally, at June 30, 2023, the carrying amount of the Custodial Funds' deposits were \$416,263 and the bank balances were \$403,875. At June 30, 2023, Rowlett Academy and the Custodial Funds had deposits in excess of FDIC limits of \$2,444,568 and \$153,875, respectively.

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 20 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, 2023 included deposits of \$22,930.
- *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, 2023 was restricted for food services in the amount of \$751,908.
- *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, 2023 in the amount of \$2,172,038.

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 7).

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, 2022, Rowlett Academy adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB No. 96), which requires recognition of intangible right-to-use subscription assets and subscription liabilities. Under GASB Statement No. 96, the right-to-use subscription assets and related subscription liability are solely reported in the statement of net position.

The adoption of GASB Statement No. 96 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, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 579,132	\$ 874,152	\$ (579,132)	\$ 874,152
Construction in progress	-	279,802	-	279,802
Total capital assets, not being depreciated	<u>579,132</u>	<u>1,153,954</u>	<u>(579,132)</u>	<u>1,153,954</u>
Capital assets being depreciated:				
Leasehold improvements	73,536	27,438	-	100,974
Furniture, fixtures and equipment	437,364	350,466	-	787,830
Vehicles	-	1,082,370	-	1,082,370
Total capital assets being depreciated	<u>510,900</u>	<u>1,460,274</u>	<u>-</u>	<u>1,971,174</u>
Less accumulated depreciation for:				
Leasehold improvements	18,715	6,126	-	24,841
Furniture, fixtures and equipment	360,192	81,840	-	442,032
Vehicles	-	98,318	-	98,318
Total accumulated depreciation	<u>378,907</u>	<u>186,284</u>	<u>-</u>	<u>565,191</u>
Total capital assets, being depreciated, net	<u>131,993</u>	<u>1,273,990</u>	<u>-</u>	<u>1,405,983</u>
Governmental activities capital assets, net	<u>\$ 711,125</u>	<u>\$ 2,427,944</u>	<u>\$ (579,132)</u>	<u>\$ 2,559,937</u>

Depreciation expense in the amount of \$186,284 for the year ended June 30, 2023, was allocated to the following governmental functions:

Instruction	\$ 64,925
School administration	15,179
Food service	4,224
Pupil transportation services	98,318
Operation of plant	3,638
	<u>\$ 186,284</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 a right-to-use lease asset (see Notes 3 and 4). Right-to-use lease asset activity for fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Lease assets				
iPads	\$ 176,019	\$ -	\$ -	\$ 176,019
Tower compactor	-	15,566	-	15,566
Copier	11,949	-	-	11,949
Total lease assets	<u>187,968</u>	<u>15,566</u>	<u>-</u>	<u>203,534</u>
Less accumulated amortization for:				
iPads	(96,642)	(70,734)	-	(167,376)
Tower compactor	-	(3,113)	-	(3,113)
Copier	(3,773)	(3,773)	-	(7,546)
	<u>(100,415)</u>	<u>(77,620)</u>	<u>-</u>	<u>(178,035)</u>
Total right-to-use lease assets, net	<u>\$ 87,553</u>	<u>\$ (62,054)</u>	<u>\$ -</u>	<u>\$ 25,499</u>

Amortization expense related to leases for the year ended June 30, 2023 was \$77,620 and is included in the statement of activities as instruction for \$70,734, school administration for \$3,113 and operation of plant for \$3,773.

Rowlett Academy also has recognized a right-to-use subscription asset (see Notes 3 and 5). Right-to-use subscription asset activity for fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Subscription asset				
Instruction software	\$ -	\$ 230,033	\$ -	\$ 230,033
Less accumulated amortization for:				
Instruction software	-	(55,154)	-	(55,154)
Total right-to-use subscription asset, net	<u>\$ -</u>	<u>\$ 174,879</u>	<u>\$ -</u>	<u>\$ 174,879</u>

Amortization expense related to the subscription for the year ended June 30, 2023 was \$55,154 and is included in instruction in the statement of activities.

NOTE 3 – LONG-TERM LIABILITIES

Compensated absences

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.

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NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

Note Payable

During 2022, William Monroe Rowlett Academy for Arts & Communication, Inc. entered into an agreement with a financial institution for the purchase of ten buses which were purchased during 2023 in the amount of \$1,075,000. The note bears an interest rate of 3.82%. Rowlett Academy was required to make interest only payments through October 27, 2022, which is when equal monthly installments of principal and interest of \$15,104 were required, with the final payment due on June 27, 2029.

The note is secured by the buses with a net book value of \$1,168,318 as June 30, 2023. Interest expense of \$36,280 is included in pupil transportation services in the statement of activities.

Future maturities on the mortgage are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 146,803	\$ 34,445	\$ 181,248
2025	152,510	28,738	181,248
2026	158,439	22,809	181,248
2027	164,599	16,649	181,248
2028	170,998	10,250	181,248
2029	177,033	3,602	180,635
	<u>\$ 970,382</u>	<u>\$ 116,493</u>	<u>\$ 1,086,875</u>

Upon default, including failure to pay upon final maturity, the interest rate on this note shall be increased to 18.00% per annum based on a year of 360 days. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

Other Long-Term Liabilities

The lease liability is described in Note 4, the subscription liability is described in Note 5 and the net pension liability is described in Note 7.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 251,152	\$ 250,490	\$ (231,869)	\$ 269,773	\$ 67,443
Note payable	-	1,075,000	(104,618)	970,382	146,803
Lease liability	79,950	15,287	(78,098)	17,139	6,888
Subscription liability	-	230,033	(110,458)	119,575	119,575
Net pension liability	2,385,380	3,453,194	(778,479)	5,060,095	-
	<u>\$ 2,716,482</u>	<u>\$ 5,024,004</u>	<u>\$ (1,303,522)</u>	<u>\$ 6,436,964</u>	<u>\$ 340,709</u>

Compensated absences and the net pension liability are liquidated from the General Fund. All other long-term liabilities are liquidated from the debt service fund.

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NOTE 4 – LEASES

During 2020, Rowlett Academy entered into an operating lease agreement for laptops in the amount of \$88,200. The lease bears an interest rate of 3.99% and requires quarterly payments of \$7,769. The lease term ends in July, 2023.

During 2020, Rowlett Academy entered into an operating lease agreement for an office copier. The operating lease requires monthly payments of \$330. The interest is based on Rowlett Academy’s incremental borrowing rate of 3%. The lease term ends in August, 2024.

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. The lease terms both end in August, 2023.

During 2023, Rowlett Academy entered into an operating lease agreement for a tower compactor. The operating lease requires monthly payments of \$279. The interest is based on Rowlett Academy’s incremental borrowing rate of 3.25%. The lease term ends in June, 2027.

Interest of \$829 related to leases are reported in instruction on the statement of activities. The lease expense for the year ended June 30, 2023 was as follows:

Lease expense		
Amortization expense by class of underlying asset		
iPads	\$	70,734
Tower compactor		3,113
Copier		3,773
Total amortization expense		77,620
Interest on lease liability		829
Total lease expense	\$	78,449

Future minimum lease payments for this lease are as follows:

Year Ending June 30	Principal	Interest	Total Payments
2023	\$ 6,888	\$ 420	\$ 7,308
2024	3,760	248	4,008
2025	3,197	151	3,348
2026	3,294	54	3,348
	\$ 17,139	\$ 873	\$ 18,012

NOTE 5 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Effective July 1, 2023, Rowlett Middle Academy entered into a subscription-based information technology agreement for instruction software in the amount of \$161,423. The subscription agreement required an initial payment of \$110,458, with the remaining amount due during the 2024 fiscal year.

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NOTE 5 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS – CONTINUED

The interest is based on Rowlett Academy’s incremental borrowing rate of 3.25%. Future minimum lease payments for this subscription agreement are as follows:

Year Ending June 30	Principal	Interest	Total Payments
2024	\$ 119,575	\$ 5,966	\$ 125,541
	\$ 119,575	\$ 5,966	\$ 125,541

Effective July 1, 2023, Rowlett Middle Academy entered into another subscription-based information technology agreement for instruction software in the amount of \$68,610. The subscription agreement was paid in full during 2023.

Interest of \$3,945 related to the subscription is reported in instruction on the statement of activities. The subscription expense for the year ended June 30, 2023 was as follows:

Subscription expense	
Amortization expense by class of underlying asset	
Instruction software	\$ 55,154
Total amortization expense	55,154
Interest on subscription liability	3,945
Total subscription expense	\$ 59,099

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NOTE 6 – SCHEDULE OF REVENUE SOURCES

The following is a schedule of revenue sources and amounts:

Federal through local	
IDEA, Part B, Entitlement	\$ 28,150
Title IV	15,380
ESSER I	14,891
ESSER II	119,196
ESSER III	260,023
Employee Retention Credit	999,034
	<u>1,436,674</u>
State through local	
Base funding of enrollment	4,996,430
ESOL	307,444
Exceptional student education	310,095
Supplemental academic instruction	225,175
Safe Schools	64,096
Class size adjustment	930,488
Reading allocation	50,605
Instruction materials	72,656
Transportation	146,082
Florida Teach Lead	18,467
Teacher Starting Pay Increase	241,979
Mental Health	42,182
Other	118
	<u>7,405,817</u>
Local	
After school care	348,154
Bus fees	225,500
Food services	521,714
REACH grant	42,663
Referendum Millage	1,019,223
E-Rate	5,818
Interest on investments	2,319
Other	19,328
	<u>2,184,719</u>
Total Revenues	<u><u>\$ 11,027,210</u></u>

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NOTE 7 – 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 7 – 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, 2023 was 11.91% for regular employees and 18.60% for employees in the DROP program of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the pension plan from Rowlett Academy were \$453,868 for the year ended June 30, 2023, which equaled required contributions and approximates 14.93% 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, 2023, Rowlett Academy had employee and employer contributions totaling \$37,268 due to the FRS Plan.

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

At June 30, 2023, Rowlett Academy reported a liability of \$5,060,095 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2022, Rowlett Academy's proportion was 0.009730302% for FRS and 0.013592297% for HIS which was consistent with its proportion measured in the previous year.

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NOTE 7 – 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, 2022 measurement, Rowlett Academy recognized pension expense of \$723,477. 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	\$ 171,951	\$ -	\$ 43,697	\$ 6,335
Changes in assumptions	445,874	-	82,521	222,711
Net difference between projected and actual earnings on pension plan investments	239,058	-	2,084	-
Change in proportion and differences between contributions and proportionate share of contributions	297,316	80,032	70,605	52,181
Rowlett Academy contributions subsequent to the June 30, 2022 measurement date	535,244	-	94,192	-
	<u>\$ 1,689,443</u>	<u>\$ 80,032</u>	<u>\$ 293,099</u>	<u>\$ 281,227</u>

Total deferred outflows were \$1,982,542 and total deferred inflows were \$361,259. \$535,244 (FRS) and \$94,192 (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, 2024. 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
2024	\$ 199,650	\$ (12,771)
2025	199,650	(12,771)
2026	199,650	(12,771)
2027	199,650	(12,771)
2028	199,648	(12,772)
Thereafter	75,919	(18,464)
	<u>\$ 1,074,167</u>	<u>\$ (82,320)</u>

Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation (June 30, 2022 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	6.70 percent, including inflation at 2.40%

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NOTE 7 – 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 PUB-2010 with Projection Scale MP-2018.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study performed 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 4.20%, consistent with the 4.38 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 2022 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%	2.6%
Fixed income	19.8%	4.4%
Global equity	54.0%	8.8%
Real estate	10.3%	7.4%
Private equity	11.1%	12.0%
Strategic investments	3.8%	6.2%

Discount Rate

The discount rate used to measure the total FRS pension liability was 6.70%. The HIS rate increased from 2.16% to 3.54% 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 7 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions – Continued

The following changes in actuarial assumptions occurred in the 2022 valuation:

- FRS: The discount rate and long-term expected rate of return, net of investment expense was decreased from 6.80% to 6.70%.
- HIS: The municipal bond rate used to determine total pension liability increased from 2.16% to 3.54%; the demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838; and the election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

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 6.70%, 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 (5.70 percent) or 1–percentage–point higher (7.70 percent) than the current rate:

	1% Decrease (5.70%)	Discount Rate (6.70%)	1% Increase (7.70%)
Rowlett Academy’s proportionate share of the FRS net pension liability	\$ 6,261,327	\$ 3,620,454	\$ 1,412,423

The following presents the Charter School’s proportionate share of the HIS net pension liability calculated using the discount rate of 3.54%, 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 (2.54%) or 1–percentage–point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Rowlett Academy’s proportionate share of the HIS net pension liability	\$ 1,647,068	\$ 1,439,641	\$ 1,268,000

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 annual comprehensive financial report.

Aggregate Information for Retirement Plans

	Deferred Outflows	Net Pension Liability	Deferred Inflows
FRS	\$ 1,689,443	\$ 3,620,454	\$ 80,032
HIS	293,099	1,439,641	281,227
	\$ 1,982,542	\$ 5,060,095	\$ 361,259

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NOTE 8 – 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 administered by the State Board of Administration, which is also the plan sponsor. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

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

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

Similar to the defined benefit plan, employees are required to contribute 3% and employers are required to contribute based on class. Rowlett Academy's contractually required contribution rate for the year ended June 30, 2023 was 11.91% for regular employees and 18.60% for employees in the DROP program of annual payroll. Contributions are directed to the individual member accounts, and individual members allocate contributions and account balances among various approved investment choices.

During 2023, Rowlett Academy employer contributions totaled \$239,204. As of June 30, 2023, Rowlett Academy had employee and employer contributions totaling \$23,614 due to the Investment Plan.

NOTE 9 – 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, 2023, Rowlett Middle Academy owed Rowlett Academy \$456,795.

As of June 2023, Rowlett Academy has a payable due to the Custodial Funds in the amount of \$35,290.

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NOTES TO FINANCIAL STATEMENTS**

NOTE 9 – RELATED PARTY TRANSACTIONS – CONTINUED

As of June 30, 2023, the Custodial Funds owed Rowlett Middle Academy \$35,789 and Rowlett Middle Academy Custodial Funds \$2,045. The Custodial Funds also made transfers to Rowlett Middle Academy during the year of \$110,000.

NOTE 10 – 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, 2023.

NOTE 11 – 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 12 – EMPLOYEE RETENTION CREDIT

The Infrastructure Investment and Jobs Act enacted on November 15, 2021 provided an Employee Retention Credit (ERC) which is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. Rowlett Academy was eligible to receive an employee retention credit totaling \$999,034. The credit is reported in the General Fund as federal through local revenues during the year ended June 30, 2023 in the statement of revenues, expenditures and changes in fund balances and as grants and contributions not restricted to specific programs in the statement of activities.

NOTE 13 – SUBSEQUENT EVENTS

Rowlett Academy has evaluated all subsequent events through October 10, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**ROWLETT ACADEMY (A CHARTER SCHOOL UNDER
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 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2023**

GENERAL FUND				
REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Federal through local	\$ 1,007,459	\$ 672,734	\$ 1,436,674	\$ 763,940
State through local	7,110,355	7,494,903	7,405,817	(89,086)
Local	1,276,500	1,445,376	1,663,005	217,629
Total Revenues	<u>9,394,314</u>	<u>9,613,013</u>	<u>10,505,496</u>	<u>892,483</u>
EXPENDITURES				
Current				
Instruction	6,264,385	6,014,714	5,696,986	317,728
Pupil personnel services	316,704	313,383	353,789	(40,406)
Instructional media services	191,492	196,192	191,021	5,171
Instructional staff training	270,074	285,903	232,150	53,753
General administration	80,502	97,107	99,759	(2,652)
School administration	499,698	543,148	570,256	(27,108)
Professional services	208,338	212,999	377,396	(164,397)
Central services	58,171	60,563	63,940	(3,377)
Pupil transportation services	285,679	334,719	366,755	(32,036)
Operation of plant	545,482	600,960	630,127	(29,167)
Community services	170,920	201,370	186,214	15,156
Maintenance of plant	11,200	12,220	12,892	(672)
Total Expenditures	<u>8,902,645</u>	<u>8,873,278</u>	<u>8,781,285</u>	<u>91,993</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	491,669	739,735	1,724,211	984,476
OTHER FINANCING SOURCES (USES)				
Transfers, net	(60,967)	(60,967)	(618,813)	(557,846)
NET CHANGE IN FUND BALANCE	430,702	678,768	1,105,398	426,630
FUND BALANCE – Beginning of year	<u>1,089,570</u>	<u>1,089,570</u>	<u>1,089,570</u>	<u>-</u>
FUND BALANCE – End of year	<u>\$ 1,520,272</u>	<u>\$ 1,768,338</u>	<u>\$ 2,194,968</u>	<u>\$ 426,630</u>

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 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL – SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2023**

SPECIAL REVENUE FUND				
REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Local	\$ 656,400	\$ 521,342	\$ 521,714	\$ 372
Total Revenues	656,400	521,342	521,714	372
EXPENDITURES				
Current				
Food services	441,621	423,000	428,039	(5,039)
Total Expenditures	441,621	423,000	428,039	(5,039)
NET CHANGE IN FUND BALANCE	214,779	98,342	93,675	(4,667)
FUND BALANCE – Beginning of year	658,233	658,233	658,233	-
FUND BALANCE – End of year	\$ 873,012	\$ 756,575	\$ 751,908	\$ (4,667)

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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 greater than budget in the amount of \$892,483 due to Employer Retention Credits received during the year that were not included in the budget. Expenditures were less than budget in the amount of \$91,993, largely due to instruction personnel cost being less than initially planned.

Special Revenue Fund revenues exceeded budget in the amount of \$372 and expenditures were in excess of budget in the amount of \$5,039.

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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 Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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%	0.009730302%
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	\$ 3,620,454
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	\$ 3,039,080
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%	119%
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%	82.89%

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

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)
 Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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%	0.013592297%
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	\$ 1,439,641
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	\$ 3,039,080
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%	47%
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%	4.81%

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

FLORIDA RETIREMENT SYSTEM (FRS) Last Ten 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>	<u>2022</u>
Contractually required contribution *	\$ -	\$ -	\$ 177,306	\$ 208,486	\$ 248,623	\$ 254,626	\$ 267,152	\$ 277,794	\$ 353,496	\$ 415,210
Contributions in relation to the contractually required contribution	-	-	177,306	208,486	248,623	254,626	267,152	277,794	353,496	415,210
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	\$ 3,039,080
Contributions as a percentage of covered payroll	0%	0%	5.67%	5.93%	7.24%	7.39%	7.40%	7.79%	9.97%	13.66%

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

**ROWLETT ACADEMY (A CHARTER SCHOOL UNDER
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 A CHARTER SCHOOL AND COMPONENT UNIT OF
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 SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS – RETIREE HEALTH INSURANCE SUBSIDY**

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS) Last Ten Fiscal Years										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution *	\$ -	\$ -	\$ 39,184	\$ 66,280	\$ 74,643	\$ 74,288	\$ 72,913	\$ 76,308	\$ 80,717	\$ 82,245
Contributions in relation to the contractually required contribution	-	-	39,184	66,280	74,643	74,288	72,913	76,308	80,717	82,245
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	\$ 3,039,080
Contributions as a percentage of covered payroll	0%	0%	1.25%	1.89%	2.17%	2.16%	2.02%	2.14%	2.28%	2.71%

* - 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 6.70%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% 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 2022:

- FRS: The discount rate and long-term expected rate of return, net of investment expense decreased from 6.80% to 6.70%.
- HIS: The municipal bond rate used to determine total pension liability increased from 2.16% to 3.54%; the demographic assumptions for the Special Risk class were updated to reflect plan changes due to HB5007, HB689, and SB838; and the election assumption for vested terminated members was updated from 20% to 50% to reflect recent experience.

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, each major fund, 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, 2023, 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 10, 2023.

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 or significant deficiencies 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as 2023-01.

Rowlett Academy's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on Rowlett Academy's response to the finding identified in our audit and described in the accompanying schedule of findings. Rowlett Academy's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 & STANEL, P.A.

October 10, 2023
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, 2023, and have issued our report thereon dated October 10, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Schedule of Findings. Disclosures in that report and schedule, which are dated October 10, 2023, 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, as reported in Finding 2023-01 in the accompanying schedule of findings, we determined that Rowlett Academy's expenditures exceeded the final approved budgeted appropriations for the Special Revenue Fund.

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 note 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 10, 2023
Bradenton, Florida

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
SCHEDULE OF FINDINGS

2023-01 **Budget**

Criteria: In accordance with Florida Statutes, the governing body of Rowlett Academy shall annually adopt and maintain an operating budget. This budget should be a balanced budget whereby there are adequate resources to fund all budgeted appropriations. In addition, expenditures should not exceed appropriations as authorized by the Board.

Condition: Our audit procedures disclosed that the final amended budget did not provide adequate resources to fund all expenditures. As reported in the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund, actual expenditures exceeded final budgeted appropriations in the amount of \$5,039. The excess was funded through fund balance reserves.

Context/Cause: The final budget was not amended to consider additional expenditures incurred during the year in excess of the budgeted amounts.

Effect: The Charter School reported expenditures in excess of budgeted appropriations in the amount of \$5,039 for the Special Revenue Fund.

Recommendation: The fundamental purpose of budgetary control is to develop a financial plan and then maintain operations according to the plan. We recommend that Rowlett Academy amend the budget throughout the year and subsequent to year end, pursuant to Florida Statutes in order to ensure that expenditures do not exceed appropriations as the budget serves as the Board’s authorization to incur costs.

ELEMENTARY CAMPUS
3500 9th Street East
Bradenton, FL 34208
941-708-6100
Principal/Director: Cathy Choate, EdS
Asst. Principal: Mihija Daniel, EdS

K-8 OPERATIONS
Director: Chuck Fradley, EdD



MIDDLE CAMPUS
400 30th Avenue West
Bradenton, FL 34205
941-462-2001
Principal/Director: Jamara Clark, MEd
Asst. Principals: Shelbi Ericsson, MEd
and Rebecca Dean, MEd

www.rowlettacademies.org

October 10, 2023

CS&L CPA's
1001 3rd Avenue West, Suite 700
Bradenton, FL 34205

The following is our response to the audit finding contained in Rowlett Academy's FY 2022/23 audit report.

Audit Finding 2023-01 Management Response

We concur with the Auditor's finding. As recommended by the Auditor we will monitor expenditures and amend the school's budget throughout the year and make a final amendment subsequent to year end to ensure that fund balance reserves and revenues are sufficient to cover expenditures and the needs of the school.

We thank the CS&L staff their hard work in completing the audit report.

Sincerely,



Cathy Choate
Principal
Rowlett Academy