

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

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

FINANCIAL STATEMENTS

JUNE 30, 2024

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rowlett Middle Academy (the "Charter School"), a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc., (a charter school and component unit of the School District of Manatee County, Florida), as of and for the year ended June 30, 2024, 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, 2024, 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.

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*

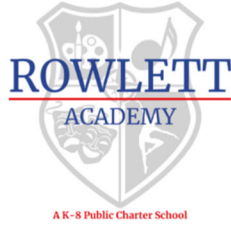
In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2024 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 & STANELL, P.A.**

September 12, 2024
Bradenton, Florida

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



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Interim Principal: Chuck Fradley, EdD
Asst. Principals: Shelbi Ericsson, MEd
and Rebecca Dean, MEd

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Rowlett Middle Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc., we offer readers of the financial statements this narrative overview and analysis of the financial activities of Rowlett Middle Academy for the fiscal year ended June 30, 2024.

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

Operating Entity

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

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

The statement of net position presents information on all of the assets, deferred outflows, deferred inflows, and liabilities as of June 30, 2024. A condensed statement of net position compared to the prior year is shown below. Total assets consists mainly of cash and capital assets used to provide services to students. The majority of the liabilities include salaries and benefits payable as well as long-term debt as described in Note 3. As of June 30, 2024, Rowlett Middle Academy had a positive net position of \$739,073, which is the difference between total assets and deferred outflows less total liabilities and deferred inflows.

Condensed Statements of Net Position

	Governmental Activities		
	2024	2023	Change
Current and other assets	\$ 1,950,953	\$ 1,783,749	\$ 167,204
Right-to-use assets	48,890	65,186	(16,296)
Capital assets	3,869,759	3,619,782	249,977
Total assets	<u>5,869,602</u>	<u>5,468,717</u>	400,885
Deferred outflows	<u>1,686,659</u>	<u>2,077,756</u>	<u>(391,097)</u>
Current liabilities	1,438,708	1,010,477	428,231
Noncurrent liabilities	5,229,710	4,814,078	415,632
Total liabilities	<u>6,668,418</u>	<u>5,824,555</u>	843,863
Deferred intflows	<u>148,770</u>	<u>138,775</u>	<u>9,995</u>
Net position (deficit)			
Net investment in capital assets	2,173,517	1,811,186	362,331
Restricted	345,450	367,924	(22,474)
Unrestricted	<u>(1,779,894)</u>	<u>(595,967)</u>	<u>(1,183,927)</u>
Total net position (deficit)	<u>\$ 739,073</u>	<u>\$ 1,583,143</u>	<u>\$ (844,070)</u>

Current and other assets is largely made up of cash and accounts receivable from the School District. Currently liabilities include accounts payable and accrued expenses, including amounts due to Rowlett Academy of \$917,499. Noncurrent liabilities include a mortgage payable and a net pension liability based on Rowlett Middle Academy's participation in the Florida Retirement System (FRS). The net pension liability increased \$524,532 during 2024 which was in part offset by decreased deferred inflows of \$391,097. The changes are a result of the investment performance of the FRS program through June 30, 2023.

The statement of activities presents information showing how Rowlett Middle Academy's net position decreased by \$844,070 during the current year.

Condensed Statements of Activities

	Governmental Activities		
	2024	2023	Change
Revenues:			
Program revenues:			
Charges for services	\$ 559,264	\$ 557,200	\$ 2,064
	559,264	557,200	2,064
General revenues:			
Grants and contributions not restricted to specific programs	7,452,116	8,094,621	(642,505)
Other revenue	-	4,046	(4,046)
Total general revenues	7,452,116	8,098,667	(646,551)
Total revenues	8,011,380	8,655,867	(644,487)
Expenses:			
Instruction	4,843,304	4,451,753	391,551
Pupil personnel services	645,364	546,776	98,588
Instructional media services	325,927	319,856	6,071
Instructional staff training	2,954	33,691	(30,737)
General administration	36,635	18,219	18,416
School administration	697,339	712,011	(14,672)
Professional services	195,615	236,488	(40,873)
Food services	418,997	300,704	118,293
Central services	56,460	47,494	8,966
Pupil transportation services	367,773	266,764	101,009
Operation of plant	988,687	710,916	277,771
Community services	83,562	85,253	(1,691)
Maintenance of plant	99,238	121,511	(22,273)
Interest	93,595	142,765	(49,170)
Total expenses	8,855,450	7,994,201	861,249
Transfers in (out)	-	180,000	(180,000)
Change in net position	(844,070)	841,666	(1,685,736)
Net Position – Beginning	1,583,143	741,477	841,666
Net Position – Ending	\$ 739,073	\$ 1,583,143	\$ (844,070)

Revenues are largely a result of state and local revenue based on student allocation and taxes, as well as, revenues from food and community services. A significant portion of expenses are a result of payment of salaries and related benefits to teachers and administrative staff.

For Rowlett Middle Academy's seventh school year, revenues decreased by \$644,487. The decrease is largely due to an Employee Retention Credit in the prior year of \$666,022. Expenses increased due to increased personnel costs and the increase in the net pension liability.

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

Fund Financial Statements

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

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

The General Fund is the general operating fund of Rowlett Middle Academy. The fund balance of the General Fund reported positive fund balance for the year in the amount of \$422,804, an increase of \$12,193 over the prior year fund balance. Revenues in the General Fund decreased by \$1,058,229 due to the Employee Retention Credit not repeating in the current year and reduced ESSER funding. Expenditures increased by \$213,175 due to increased personnel costs.

The Special Revenue Fund accounts for activities of the food service program that serves breakfast and lunches to students. Fund balance for the Special Revenue Fund as of June 30, 2024 was \$94,704, which was a decrease of \$273,220 over the prior year fund balance.

The Capital Projects Fund is used to account for all capital activity. Capital outlay revenues were \$394,796 and capital expenditures were \$567,927 during the year.

The Debt Service Fund is used to account for all proceeds and payments, including interest, related to leases and long-term debt. Debt service for the current year totaled \$140,763.

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

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

Notes to Financial Statements

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

Capital Assets

Below is a schedule of capital assets net of accumulated depreciation as of June 30, 2024 with comparative amounts as of June 30, 2023.

Capital Assets			
	Governmental Activities		Change
	2024	2023	
Land	\$ 505,158	\$ 484,235	\$ 20,923
Construction in progress	702,759	491,870	210,889
Leasehold improvements	1,970,879	2,102,261	(131,382)
Furniture, fixtures and equipment	690,963	541,416	149,547
Total (net of depreciation)	<u>\$ 3,869,759</u>	<u>\$ 3,619,782</u>	<u>\$ 249,977</u>

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

Debt Administration

In 2017, William Monroe Rowlett Academy for Arts & Communication, Inc. financed property on behalf of Rowlett Middle Academy with a mortgage with a financial institution in the amount of \$2,135,000. The amount outstanding at June 30, 2024 is \$1,744,204.

Rowlett Middle Academy has recognized its proportionate share of the FRS and HIS net pension liability in accordance with GASB Statement No. 68. At June 30, 2024, the net pension liability recognized by Rowlett Middle Academy was \$3,453,664, which is an increase over prior year of \$524,532 due to investment performance of the Plan through 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 Middle Academy's financial performance relative to the budget on a monthly basis. The Board of Directors makes formal budget amendments to approve changes as they monitor the bottom line for the overall financial effect on Rowlett Middle Academy.

For the General Fund, the original and final budgeted revenues were \$7,318,073 and \$7,284,064, respectively. Original and final budgeted expenditures were \$6,918,180 and \$7,192,479, respectively. Revenues were less than budget by \$77,260 and expenditures were less than budget by \$12,694.

For the Special Revenue Fund, the original and final budgeted revenues were \$315,100 and \$410,883, respectively. Original and final budgeted expenditures were \$307,610 and \$693,538, respectively. Revenues were less than budget by \$1,103. Expenditures were less than budget by \$309,606 as higher costs were expected.

Economic Factors and Next Year's Budget

The Board has approved an operating budget for the 2024-2025 academic year. The original budget demonstrates that Rowlett Middle Academy will have a budgeted increase in total fund balance of \$241,351 after debt service.

Requests for Information

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

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF NET POSITION
 JUNE 30, 2024**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current assets	
Cash	\$ 1,785,839
Accounts and grants receivable	14,549
Receivable from Rowlett Academy Custodial Funds	36,236
Prepaid expenses	108,164
Total current assets	1,944,788
Noncurrent assets	
Deposits	6,165
Right-to-use subscription asset, net of accumulated amortization	48,890
Capital assets, net of accumulated depreciation	3,869,759
Total noncurrent assets	3,924,814
TOTAL ASSETS	\$ 5,869,602
DEFERRED OUTFLOWS OF RESOURCES – Pension	\$ 1,686,659
LIABILITIES	
Current liabilities	
Accounts payable	\$ 1,601
Payable to Custodial Funds	8,515
Payable to Rowlett Academy	917,499
Accrued expenses	505,830
Accrued interest	5,263
Total current liabilities	1,438,708
Noncurrent liabilities	
Due within one year	73,244
Due in more than one year	5,156,466
Total noncurrent liabilities	5,229,710
TOTAL LIABILITIES	\$ 6,668,418
DEFERRED INFLOWS OF RESOURCES – Pension	\$ 148,770
NET POSITION	
Net investment in capital assets	2,173,517
Restricted	345,450
Unrestricted	(1,779,894)
TOTAL NET POSITION	\$ 739,073

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

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change In Net Position Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Instruction	\$ 4,843,304	\$ -	\$ -	\$ (4,843,304)
Pupil personnel services	645,364	-	-	(645,364)
Instructional media services	325,927	-	-	(325,927)
Instructional staff training	2,954	-	-	(2,954)
General administration	36,635	-	-	(36,635)
School administration	697,339	-	-	(697,339)
Professional services	195,615	-	-	(195,615)
Food services	418,997	409,780	-	(9,217)
Central services	56,460	-	-	(56,460)
Pupil transportation services	367,773	-	-	(367,773)
Operation of plant	988,687	-	-	(988,687)
Community services	83,562	149,484	-	65,922
Maintenance of plant	99,238	-	-	(99,238)
Interest expense	93,595	-	-	(93,595)
Total Governmental Activities	<u>8,855,450</u>	<u>559,264</u>	<u>-</u>	<u>(8,296,186)</u>
General Revenues:				
Grants and contributions not restricted to specific programs				<u>7,452,116</u>
Total General Revenue				<u>7,452,116</u>
Change in net position				(844,070)
Net Position – Beginning of year				<u>1,583,143</u>
Net Position – End of year				<u>\$ 739,073</u>

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

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 BALANCE SHEET – GOVERNMENTAL FUNDS
 JUNE 30, 2024**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS					
Cash	\$ 1,691,135	\$ 94,704	\$ -	\$ -	\$ 1,785,839
Accounts and grants receivable	14,549	-	-	-	14,549
Receivable from Rowlett Academy Custodial Funds	36,236	-	-	-	36,236
Prepaid expenses	108,164	-	-	-	108,164
Deposits	6,165	-	-	-	6,165
TOTAL ASSETS	<u>\$ 1,856,249</u>	<u>\$ 94,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,950,953</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,601	\$ -	\$ -	\$ -	1,601
Payable to Custodial Funds	8,515	-	-	-	8,515
Payable to Rowlett Academy	917,499	-	-	-	917,499
Accrued expenses	505,830	-	-	-	505,830
TOTAL LIABILITIES	<u>1,433,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,433,445</u>
Fund Balances:					
Non-spendable	114,329	-	-	-	114,329
Restricted	-	94,704	-	-	94,704
Unassigned	308,475	-	-	-	308,475
TOTAL FUND BALANCES	<u>422,804</u>	<u>94,704</u>	<u>-</u>	<u>-</u>	<u>517,508</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,856,249</u>	<u>\$ 94,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,950,953</u>

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

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2024**

Fund Balances – Governmental Funds	\$	517,508
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Amounts reported for governmental activities in the statement of net position are different because:

The right-to-use asset used in governmental activities is not a financial resource and, therefore, is not reported in the governmental funds

Subscriptions		48,890
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		3,869,759
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Deferred outflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		1,686,659
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Deferred inflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position		(148,770)
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Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds

Mortgage payable		(1,744,204)
Note payable		(928)
Net pension liability		(3,453,664)
Accrued interest		(5,263)
Compensated absences		(30,914)
		(1,744,204)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>739,073</u>
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The accompanying notes are an integral part of these financial statements.

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES – GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
REVENUES					
Federal through local	\$ 452,835	\$ -	\$ -	\$ -	\$ 452,835
State through local	5,512,511	-	394,796	-	5,907,307
Local	1,241,458	409,780	-	-	1,651,238
Total Revenues	<u>7,206,804</u>	<u>409,780</u>	<u>394,796</u>	<u>-</u>	<u>8,011,380</u>
EXPENDITURES					
Current					
Instruction	4,093,903	-	-	-	4,093,903
Pupil personnel services	567,423	-	-	-	567,423
Instructional media services	298,516	-	-	-	298,516
Instructional staff training	2,954	-	-	-	2,954
General administration	36,635	-	-	-	36,635
School administration	575,026	-	-	-	575,026
Professional services	174,730	-	-	-	174,730
Food services	-	383,932	-	-	383,932
Central services	49,385	-	-	-	49,385
Pupil transportation services	329,354	-	-	-	329,354
Operation of plant	880,314	-	-	-	880,314
Community services	72,307	-	-	-	72,307
Maintenance of plant	99,238	-	-	-	99,238
Capital outlay	-	-	567,927	-	567,927
Debt service					
Principal payments	-	-	-	63,464	63,464
Interest and fiscal charges	-	-	-	77,299	77,299
Total Expenditures	<u>7,179,785</u>	<u>383,932</u>	<u>567,927</u>	<u>140,763</u>	<u>8,272,407</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	27,019	25,848	(173,131)	(140,763)	(261,027)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(14,826)	(299,068)	173,131	140,763	-
Total Other Financing Sources (Uses)	<u>(14,826)</u>	<u>(299,068)</u>	<u>173,131</u>	<u>140,763</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	12,193	(273,220)	-	-	(261,027)
FUND BALANCES – Beginning of year	<u>410,611</u>	<u>367,924</u>	<u>-</u>	<u>-</u>	<u>778,535</u>
FUND BALANCES – End of year	<u><u>\$ 422,804</u></u>	<u><u>\$ 94,704</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 517,508</u></u>

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

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2024**

Net change in fund balance – statement of revenues, expenditures
 and changes in fund balances – Governmental Funds \$ (261,027)

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

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

Right-to-use subscription asset additions	-	
Less amortization	(16,296)	
	(16,296)	(16,296)

Governmental funds report capital outlay as expenditures. However,
 in the statement of activities, the cost of those assets is allocated
 over their estimated useful lives and reported as depreciation
 expense. This is the amount by which depreciation was exceeded
 by capital additions in the current period.

Capital outlay as capital asset additions	567,927	
Less current depreciation	(317,950)	
	249,977	249,977

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

Principal payments on mortgage payable		58,394
Principal payments on note payable		5,070

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

Decrease in compensated absences		45,436
Decrease in deferred outflows – pension		(391,097)
Increase in deferred inflows – pension		(9,995)
Increase in net pension liability		(524,532)
	(844,070)	

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (844,070)

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**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
 JUNE 30, 2024**

	Custodial Funds
ASSETS	
Cash	\$ 126,571
Accounts receivable	5,695
Accounts receivable – Rowlett Middle Academy	8,515
TOTAL ASSETS	\$ 140,781
 LIABILITIES	
Due to Rowlett Academy Custodial Funds	\$ 3,950
TOTAL LIABILITIES	\$ 3,950
 NET POSITION	
Restricted for clubs	\$ 136,831
TOTAL LIABILITIES AND NET POSITION	\$ 140,781

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

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
 WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024**

	Custodial Funds
ADDITIONS	
Contributions	\$ 6,057
TOTAL ADDITIONS	6,057
DEDUCTIONS	
Beneficiary payments to clubs	201,504
TOTAL DEDUCTIONS	201,504
Net increase (decrease) in fiduciary net position before transfers	(195,447)
TRANSFERS	
Transfers from Rowlett Academy Custodial Funds	85,164
TOTAL TRANSFERS	85,164
Net increase (decrease) in fiduciary net position	(110,283)
Net position – beginning of year	247,114
Net position – ending	\$ 136,831

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ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER WILLIAM MONROE ROWLETT
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A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The basic financial statements of Rowlett Middle Academy present only the balances, activity and disclosures related to Rowlett Middle Academy. They do not purport to, and do not present the financial position of William Monroe Rowlett Academy for Arts & Communication, Inc. as of June 30, 2024, and its changes in financial position or budgetary comparisons, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Rowlett Middle Academy opened as a middle school in the 2017-18 school year in Manatee County. Rowlett Middle Academy is the second charter school operated under William Monroe Rowlett Academy for Arts & Communication, Inc. The other school is Rowlett Academy which is an elementary school.

The general operating authority of Rowlett Middle Academy is contained in Chapter 1002.33, Florida Statutes. Rowlett Middle Academy operates under a charter of the sponsoring School District, the School District of Manatee County, Florida, which is effective through June 30, 2027. Rowlett Middle Academy is considered a component unit of the School District. Upon dissolution or termination of the charter, all of the property, furnishings and equipment purchased with public funds, in part or in whole, automatically revert to the School District.

Basis of Presentation

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

Government-wide and Fund Financial Statements

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

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

ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER WILLIAM MONROE ROWLETT
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide and Fund Financial Statements – Continued

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

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

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

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

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER WILLIAM MONROE ROWLETT
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

Cash

Rowlett Middle Academy's cash consists of deposits with financial institutions that are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000. At June 30, 2024 the carrying amount of Rowlett Middle Academy's deposits was \$1,785,839 and the bank balances were \$1,829,368. Additionally, at June 30, 2024, the carrying amount of the Custodial Funds' deposits were \$126,571 and the bank balances were \$131,400. At year end, Rowlett Middle Academy had bank balances in excess of FDIC limits of \$1,579,368.

Capital Assets

Capital assets, which include land, buildings, construction in progress, and furniture, fixtures and equipment, are reported in the governmental activities column in the government-wide financial statements and are not reported in the fund financial statements. Capital assets are defined by Rowlett Middle Academy as any asset with an initial cost of more than \$750 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. All capital assets are depreciated using the straight-line method over their estimated useful lives. Useful lives vary from 7 to 20 years for buildings and improvements and 3 to 7 years for furniture, fixtures and equipment.

ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER WILLIAM MONROE ROWLETT
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources

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

Fund Equity

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

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

Fund balances are classified as follows:

- *Non-spendable:* Fund balances are reported as non-spendable 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. Non-spendable fund balance at June 30, 2024 included prepaid expenses of \$108,164 and deposits of \$6,165, which totals \$114,329.
- *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, 2024 was restricted for food services in the amount of \$94,704.
- *Committed:* Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraint imposed by formal action of the Board of Directors. Only the Board of Directors may modify or rescind the commitment.
- *Assigned:* Fund balances are reported as assigned when amounts are constrained by Rowlett Middle Academy’s intent to be used for specific purposes, but are neither restricted nor committed. Currently there is no one employee authorized to assign fund balances. As a result, only the Board of Directors are authorized to make assignments.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Equity – Continued

- *Unassigned:* Fund balances are reported as unassigned as the residual amount when balances do not meet any of the above criterion. Rowlett Middle Academy reports unassigned fund balance in the General Fund as of June 30, 2024 in the amount of \$308,475.

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

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

Budgetary Information

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

Revenue Sources

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

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

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NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) (which includes FRS and HIS) and additions to/deletions from FRS’s fiduciary net position have been determined on the same basis as they are reported by FRS. 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.

NOTE 2 – CAPITAL ASSETS

Capital asset activity for fiscal year ended June 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 484,235	\$ 20,923	\$ -	\$ 505,158
Construction in progress	491,870	210,889	-	702,759
Total capital assets, not being depreciated	<u>976,105</u>	<u>231,812</u>	<u>-</u>	<u>1,207,917</u>
Capital assets being depreciated:				
Buildings and improvements	2,780,374	-	-	2,780,374
Furniture, fixtures and equipment	1,525,460	336,115	-	1,861,575
Total capital assets being depreciated	4,305,834	336,115	-	4,641,949
Less accumulated depreciation for:				
Buildings and improvements	678,113	131,382	-	809,495
Furniture, fixtures and equipment	984,044	186,568	-	1,170,612
Total accumulated depreciation	<u>1,662,157</u>	<u>317,950</u>	<u>-</u>	<u>1,980,107</u>
Total capital assets, being depreciated, net	<u>2,643,677</u>	<u>18,165</u>	<u>-</u>	<u>2,661,842</u>
Governmental activities capital assets, net	<u>\$ 3,619,782</u>	<u>\$ 249,977</u>	<u>\$ -</u>	<u>\$ 3,869,759</u>

Depreciation expense in the amount of \$317,950 for the year ended June 30, 2024, was allocated to the following governmental functions:

Instruction	\$ 173,922
School Administration	39,190
Food Services	10,904
Operation of Plant	93,934
	<u>\$ 317,950</u>

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NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CAPITAL ASSETS – CONTINUED

Rowlett Middle Academy 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, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Subscription Asset				
Instruction software	\$ 81,483	\$ -	\$ -	\$ 81,483
Less accumulated amortization for:				
Instruction software	<u>(16,297)</u>	<u>(16,296)</u>	<u>-</u>	<u>(32,593)</u>
Total right-to-use subscription asset, net	<u>\$ 65,186</u>	<u>\$ (16,296)</u>	<u>\$ -</u>	<u>\$ 48,890</u>

Amortization expense related to the subscription for the year ended June 30, 2024 was \$16,296 and is included in interest expense in the statement of activities.

NOTE 3 – LONG-TERM LIABILITIES

Mortgage Payable

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

On February 16, 2022, the monthly payments and interest were adjusted to an amount to fully amortize the outstanding principal balance with the final payment due February 16, 2027. Additionally, on February 16, 2022, the interest rate was adjusted to a rate equal to the current index (3.90% at June 30, 2024), plus 300 basis points. The mortgage is secured with real property and other assets held by William Monroe Rowlett Academy for Arts & Communication, Inc. on behalf of Rowlett Middle Academy.

Future maturities on the mortgage are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 64,587	\$ 75,557	\$ 140,144
2026	70,600	72,746	143,346
2027	1,609,017	39,320	1,648,337
	<u>\$ 1,744,204</u>	<u>\$ 187,623</u>	<u>\$ 1,931,827</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

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

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

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

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NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

Note Payable

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

In accordance with the note agreement, default is defined as (a) failure to may payments by their due date, (b) failure to comply with terms and conditions of the agreement, (c) go out of business or become solvent, (d) allow a controlling interest, (e) enter into merger or reorganization, or (f) allow a blocked person to have an ownership interest. In the case of an event of default, the lender has the right to take any or all of the following actions: (i) authorization of an ACH debit any payments or amounts due. (ii) repossess or disable the products, (iii) file a lawsuit to collect the sum of all past due amounts, future amounts due (at a discounted rate of 3% per annum), plus any other amounts due.

Future maturities on the note payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 928	\$ 508	\$ 1,436
	\$ 928	\$ 508	\$ 1,436

Compensated absences

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

Other Long-Term Liabilities

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
Mortgage payable	\$ 1,802,598	\$ -	\$ (58,394)	1,744,204	\$ 64,587
Note payable	5,998	-	(5,070)	928	928
Compensated absences	76,350	124,893	(170,329)	30,914	7,729
Net pension liability	2,929,132	1,624,224	(1,099,692)	3,453,664	-
	<u>\$ 4,814,078</u>	<u>\$ 1,749,117</u>	<u>\$ (1,333,485)</u>	<u>\$ 5,229,710</u>	<u>\$ 73,244</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 – 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 \$81,483 which was paid in advance during 2023.

The subscription expense for the year ended June 30, 2024 was as follows:

Subscription expense	
Amortization expense by class of underlying asset	
Instruction software	\$ 16,296
Total amortization expense	<u>16,296</u>
Interest on subscription liability	1,558
Total subscription expense	<u><u>\$ 17,854</u></u>

NOTE 5 – RELATED PARTY TRANSACTIONS

William Monroe Rowlett Academy for Arts & Communication, Inc. operates Rowlett Academy (an elementary school) and Rowlett Middle Academy, which like Rowlett Middle Academy has Custodial Funds. At June 30, 2024, Rowlett Middle Academy owed Rowlett Academy \$917,499.

Rowlett Middle Academy has a receivable from the Rowlett Academy Custodial Funds at June 30, 2024 of \$36,236.

Additionally, Rowlett Middle Academy owed its own Custodial Funds \$8,515 as of June 30, 2024.

The Custodial Funds had a payable at June 30, 2024 to Rowlett Academy Custodial Funds of \$3,950. The Custodial Funds also received transfers from Rowlett Academy Custodial Funds during the year of \$85,164.

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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	\$	18,640
Title II		2,530
Title IV		12,476
ESSER II		838
ESSER III		352,385
ARP supplement		65,966
		452,835
State through local		
Base funding of enrollment		3,733,937
ESOL		19,118
Exceptional student education		177,427
Safe Schools		57,437
Class size adjustment		596,916
Transportation		175,423
Mental Health		36,717
Charter School Capital Outlay		394,796
School Recognition Funds		116,929
Teacher Salary Allocation		212,025
Safety and Security grant		14,836
Sales Tax grants		150,362
Educational Enrichment share		162,759
Other		58,625
		5,907,307
Local		
After school care		149,484
Bus fees		43,108
Food services		409,780
Referendum Millage		1,015,367
REACH grant		30,588
Interest on investments		1,364
Other		1,547
		1,651,238
Total Revenues	\$	8,011,380

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NOTE 7 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM

Plan Description

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

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

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

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

Benefits Provided

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

Plan Provisions

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

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

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

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 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 Middle Academy's contractually required contribution rate for the year ended June 30, 2024 was 13.57% for regular employees and 21.13% for employees in the DROP program of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the pension plan from Rowlett Middle Academy were \$307,601 for the year ended June 30, 2024, which equaled required contributions and approximated 13.86% of covered payroll.

The HIS Program is funded by required contributions of 2.00% and is included in the contribution rates noted above.

As of June 30, 2024, Rowlett Middle Academy had employee and employer contributions totaling \$22,102 due to the FRS Plan.

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

At June 30, 2024, Rowlett Middle Academy reported a liability of \$3,453,664 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Rowlett Middle Academy's proportion of the net pension liability was based on a long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2023, Rowlett Middle Academy's proportion was 0.005406631% for FRS and 0.008181262% 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, 2023 measurement, Rowlett Middle Academy recognized pension expense of \$1,283,499. Additionally, Rowlett Middle Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 202,277	\$ –	\$ 19,021	\$ 3,050
Changes in assumptions	140,440	–	34,158	112,588
Net difference between projected and actual earnings on pension plan investments	89,972	–	671	–
Change in proportion and differences between contributions and proportionate share of contributions	467,766	27,978	374,480	5,154
Rowlett Middle Academy contributions subsequent to the June 30, 2023 measurement date	291,330	–	66,544	–
	<u>\$ 1,191,785</u>	<u>\$ 27,978</u>	<u>\$ 494,874</u>	<u>\$ 120,792</u>

Total deferred outflows were \$1,686,659 and total deferred inflows were \$148,770. \$291,330 (FRS) and \$66,544 (HIS) reported as deferred outflows of resources related to pensions resulting from Rowlett Middle Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. 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
2025	\$ 165,636	\$ 48,843
2026	165,636	48,843
2027	165,636	48,843
2028	165,636	48,843
2029	165,636	48,843
Thereafter	44,297	63,323
	<u>\$ 872,477</u>	<u>\$ 307,538</u>

Actuarial Assumptions

The total pension liability in the July 1, 2023 actuarial valuation for FRS and July 1, 2022 for HIS (June 30, 2023 measurement date for both) 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, 2023 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 4.48 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 2023 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%	2.9%
Fixed income	19.8%	4.5%
Global equity	54.0%	8.7%
Real estate	10.3%	7.6%
Private equity	11.1%	11.9%
Strategic investments	3.8%	6.3%

Discount Rate

The discount rate used to measure the total FRS pension liability was 6.70%. The HIS rate increased from 3.54% to 3.65% 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 2023 valuation:

- HIS: The municipal bond rate used to determine total pension liability increased from 3.54% to 3.65%. Chapter 2023–193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits and became effective July 1, 2023.

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

The following presents Rowlett Middle Academy’s proportionate share of the FRS net pension liability calculated using the discount rate of 6.70%, as well as what Rowlett Middle Academy’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percentage–point lower (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 Middle Academy’s proportionate share of the FRS net pension liability	\$ 3,680,105	\$ 2,154,371	\$ 877,913

The following presents the Charter School’s proportionate share of the HIS net pension liability calculated using the discount rate of 3.65%, as well as what the Charter School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1–percent–point lower (2.65%) or 1–percentage–point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Rowlett Middle Academy’s proportionate share of the HIS net pension liability	\$ 1,482,291	\$ 1,299,293	\$ 1,147,601

Pension Plan Fiduciary Net Position

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

Aggregate Information for Retirement Plans

	Deferred Outflows	Net Pension Liability	Deferred Inflows
FRS	\$ 1,191,785	\$ 2,154,371	\$ 27,978
HIS	494,874	1,299,293	120,792
	\$ 1,686,659	\$ 3,453,664	\$ 148,770

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NOTE 8 – DEFINED CONTRIBUTION RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM

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

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

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

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

Similar to the defined benefit plan, employees are required to contribute 3% and employers are required to contribute based on class. Rowlett Middle Academy’s contractually required contribution rate for the year ended June 30, 2024 was 13.57% for regular employees and 21.13% 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 2024, Rowlett Middle Academy employer contributions totaled \$157,023. As of June 30, 2024, Rowlett Middle Academy had employee and employer contributions totaling \$12,256 due to the Investment Plan.

NOTE 9 – RISK MANAGEMENT PROGRAMS

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

REQUIRED SUPPLEMENTARY INFORMATION

**ROWLETT MIDDLE 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, 2024**

GENERAL FUND				
REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Federal through local	\$ 489,964	\$ 499,127	\$ 452,835	\$ (46,292)
State through local	5,340,484	5,362,149	5,512,511	150,362
Local	1,487,625	1,422,788	1,241,458	(181,330)
Total Revenues	<u>7,318,073</u>	<u>7,284,064</u>	<u>7,206,804</u>	<u>(77,260)</u>
EXPENDITURES				
Current				
Instruction	3,939,732	4,107,858	4,093,903	13,955
Pupil personnel services	477,786	570,132	567,423	2,709
Instructional media services	88,169	88,948	298,516	(209,568)
Instructional staff training	182,907	214,749	2,954	211,795
General administration	16,200	36,677	36,635	42
School administration	606,351	571,368	575,026	(3,658)
Professional services	167,183	173,480	174,730	(1,250)
Central services	43,969	49,073	49,385	(312)
Pupil transportation services	407,573	328,102	329,354	(1,252)
Operation of plant	781,210	881,093	880,314	779
Community services	93,354	71,754	72,307	(553)
Maintenance of plant	113,746	99,245	99,238	7
Total Expenditures	<u>6,918,180</u>	<u>7,192,479</u>	<u>7,179,785</u>	<u>12,694</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	399,893	91,585	27,019	(64,566)
OTHER FINANCING SOURCES (USES)				
Transfers, net	(362,863)	(32,427)	(14,826)	17,601
NET CHANGE IN FUND BALANCE	37,030	59,158	12,193	(46,965)
FUND BALANCE - Beginning of year	410,611	410,611	410,611	-
FUND BALANCE - End of year	<u><u>\$ 447,641</u></u>	<u><u>\$ 469,769</u></u>	<u><u>\$ 422,804</u></u>	<u><u>\$ (46,965)</u></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, 2024**

SPECIAL REVENUE FUND				
REVENUES	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Local	\$ 315,100	\$ 410,883	\$ 409,780	\$ (1,103)
Total Revenues	315,100	410,883	409,780	(1,103)
EXPENDITURES				
Current				
Food services	307,610	693,538	383,932	309,606
Total Expenditures	307,610	693,538	383,932	309,606
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,490	(282,655)	25,848	308,503
OTHER FINANCING SOURCES (USES)				
Transfers, net	-	-	(299,068)	(299,068)
NET CHANGE IN FUND BALANCE	7,490	(282,655)	(273,220)	9,435
FUND BALANCE – Beginning of year	367,924	367,924	367,924	-
FUND BALANCE – End of year	\$ 375,414	\$ 85,269	\$ 94,704	\$ 9,435

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGET

NOTE 1 – BUDGETARY INFORMATION

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

General Fund revenues were less than of budget in the amount of \$77,260. Expenditures were less than budget by \$12,694.

Special Revenue Fund revenues were less than budget in the amount of \$1,103 and expenditures were less than budget in the amount of \$309,606.

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

FLORIDA RETIREMENT SYSTEM (FRS)
 Last Seven Fiscal Years *

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Charter School's proportion of the net pension liability	0.000000000%	0.000000000%	0.001347383%	0.004582146%	0.005417027%	0.005528050%	0.005406631%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ 464,020	\$ 1,985,970	\$ 409,195	\$ 2,056,879	\$ 2,154,371
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638	\$ 2,091,037	\$ 2,241,107	\$ 2,219,013
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	22%	98%	20%	92%	97%
Plan fiduciary net position as a percentage of total pension liability	83.89%	84.26%	82.61%	78.85%	96.40%	82.89%	82.38%

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

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Charter School's proportion of the net pension liability	0.000000000%	0.000000000%	0.001989889%	0.007357194%	0.007984225%	0.008235328%	0.008181262%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ 222,649	\$ 898,301	\$ 979,385	\$ 872,253	\$ 1,299,293
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638	\$ 2,091,037	\$ 2,241,107	\$ 2,219,013
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	11%	44%	47%	39%	59%
Plan fiduciary net position as a percentage of total pension liability	1.64%	2.15%	2.63%	3.00%	3.56%	4.81%	4.12%

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

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

FLORIDA RETIREMENT SYSTEM (FRS)
Last Seven Fiscal Years *

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution **	\$ -	\$ -	\$ 41,779	\$ 152,244	\$ 206,365	\$ 235,892	\$ 260,094
Contributions in relation to the contractually required contribution	-	-	41,779	152,244	206,365	235,892	260,094
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638	\$ 2,091,037	\$ 2,241,107	\$ 2,219,013
Contributions as a percentage of covered payroll	0.00%	0.00%	2.02%	7.53%	9.87%	10.53%	11.72%

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

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

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution **	\$ -	\$ -	\$ 11,050	\$ 42,396	\$ 46,931	\$ 49,831	\$ 53,818
Contributions in relation to the contractually required contribution	-	-	11,050	42,396	46,931	49,831	53,818
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638	\$ 2,091,037	\$ 2,241,107	\$ 2,219,013
Contributions as a percentage of covered payroll	0.00%	0.00%	0.53%	2.10%	2.24%	2.22%	2.43%

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

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

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

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed 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 each of the defined benefit plans was determined by an actuarial valuation as of July 1, 2023 for FRS and July 1, 2022 for HIS. 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 3.65% 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 2023:

- HIS: The municipal bond rate used to determine total pension liability increased from 3.54% to 3.65%. Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from \$5 times years of service to \$7.50, with an increased minimum of \$45 and maximum of \$225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits and became effective July 1, 2023.

OTHER AUDITOR'S REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rowlett Middle Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc. (a charter school and component unit of the School District of Manatee County, Florida), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Rowlett Middle Academy's basic financial statements, and have issued our report thereon dated September 12, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 Middle Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

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

September 12, 2024
Bradenton, Florida

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Rowlett Middle Academy, a charter school under William Monroe Rowlett Academy for Arts & Communication, Inc. (a charter school and component unit of the School District of Manatee County, Florida) as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 12, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated September 12, 2024, 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. Corrective actions have been taken to address findings and 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 is 2120.

Financial Condition and Management

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

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

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

Transparency

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

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we communicate noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that has 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.

September 12, 2024
Bradenton, Florida