

**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, 2026

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, 2026, 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, 2026, 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 25, 2026 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.

CS&L CPAs

CS&L CPAs, P.A.

September 25, 2026
Bradenton, Florida

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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. and a charter school and component unit of the School District of Manatee County, Florida, 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, 2026.

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.

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.

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 liabilities and deferred inflows, 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 revenues, 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 including instruction, school administration, operation of plant, among others.

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 is a governmental fund. 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.

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 information in the notes is as important to understanding Rowlett Middle Academy's finances as the information in the financial statements. Rowlett Middle Academy uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies). The notes to the basic financial statements can be found commencing on page 18 of this report.

Financial Summary

Comparative condensed statements of net position and condensed statements of activities are shown below:

Condensed Statements of Net Position - Governmental Activities

	2026	2025	Change
Current and other assets	\$ 3,844,225	\$ 2,487,564	\$ 1,356,661
Capital assets	5,516,244	4,055,578	1,460,666
Total assets	9,360,469	6,543,142	2,817,327
Deferred outflows	866,835	1,335,706	(468,871)
Current liabilities	1,772,195	1,389,542	382,653
Noncurrent liabilities	5,765,769	5,263,567	502,202
Total liabilities	7,537,964	6,653,109	884,855
Deferred inflows	783,989	412,839	371,150
Net position			
Net investment in capital assets	2,220,512	2,186,403	34,109
Restricted	143,030	139,884	3,146
Unrestricted (deficit)	(458,191)	(1,513,387)	1,055,196
Total net position	\$ 1,905,351	\$ 812,900	\$ 1,092,451

Total assets consist mainly of cash and capital assets used to provide services to students. The majority of the liabilities include accounts payable, accrued expenses and long-term liabilities as described in Note 3.

The statement of activities presents information showing how Rowlett Middle Academy's net position increased or decreased during the current year. A comparative, condensed version of the statement activities is presented on the following page.

Condensed Statements of Activities - Governmental Activities

	2026	2025	Change
Revenues:			
Program revenues:			
Charges for services	\$ 683,571	\$ 617,619	\$ 65,952
	683,571	617,619	65,952
General revenues:			
Grants and contributions not restricted to specific programs	8,239,715	7,820,265	419,450
Total general revenues	8,239,715	7,820,265	419,450
Total revenues	8,923,286	8,437,884	485,402
Expenses:			
Instruction	3,933,621	4,466,418	(532,797)
Pupil personnel services	516,092	548,636	(32,544)
Instructional media services	250,466	270,140	(19,674)
Instructional staff training	259	9,403	(9,144)
General administration	80,079	113,424	(33,345)
School administration	467,716	528,806	(61,090)
Professional services	186,906	177,331	9,575
Food services	456,093	419,036	37,057
Central services	48,088	44,724	3,364
Pupil transportation services	425,101	423,646	1,455
Operation of plant	1,065,334	1,046,948	18,386
Community services	72,114	58,884	13,230
Maintenance of plant	52,956	102,112	(49,156)
Interest	274,762	112,753	162,009
Total expenses	7,829,587	8,322,261	(492,674)
Transfers in (out)	(1,248)	47,073	(48,321)
Change in net position	1,092,451	162,696	929,755
Net Position – Beginning	812,900	739,073	73,827
Change in accounting principle	-	(88,869)	88,869
Net Position – Ending	\$ 1,905,351	\$ 812,900	\$ 1,092,451

Detailed Analyses

Governmental Activities

The condensed statements of net position table shows an increase in total assets of \$2,817,237, or 43.1%, due significantly to an increase in current and other assets of \$1,356,661, or 54.5%, and an increase in capital assets of \$1,460,666, or 36.0%. Current and other assets increased due to an increase in cash of \$1,354,716 related to current year operations.

Current liabilities increased \$382,653, or 27.5%, due to timing of accounts payable. Noncurrent liabilities increased \$502,202 or 9.5% due to an increase in mortgage payable related to Building

6, offset by a decrease in the Charter School's recognition of its proportionate share in the Florida Retirement System pension plans and reduction of the lease liability.

As of June 30, 2026, Rowlett Middle Academy had net position of \$1,905,351, which is the difference between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources. Net position increased by \$1,092,351 during 2026. The unrestricted net deficit was \$458,191 as of June 30, 2026, which was reduced by \$1,055,196 from the prior year. The deficit is a result of the recognition of Rowlett Academy's proportionate share in the Florida Retirement System pension plans.

The condensed statements of activities table shows revenues increased and expenses decreased over the previous year. An increase of \$419,450 or 5.4% for grants and contributions not restricted to specific programs was due to an increase in local capital improvement taxes of \$191,616 and increases from the half-cent sales tax of \$289,160.

Total expenses decreased \$492,674, or 5.9%, largely due to decreases in instruction of \$532,797 or 11.9% offset by an increase in interest expense of \$162,009, or 143.7%. The decrease in instruction expenses were due to salaries and related personnel costs, while interest expense increased due to interest related to the Building 6 mortgage.

Governmental Funds

The General Fund is the general operating fund of Rowlett Middle Academy. The fund balance of the General Fund totaled \$1,940,740 as of June 30, 2026, which increased by \$974,739 during the year. Unassigned fund balance was \$1,770,929 as of June 30, 2026 which is available for future spending. The General Fund saw a decrease in both revenue and expenditures during the current year, noting revenues decreased \$412,866, or 5.5%, due to a decrease in funding from amounts based on student count. Expenditures decreased \$306,958, or 4.4%, due largely to a decrease in personnel related costs related to instruction.

The Special Revenue Fund accounts for the activities of the food service program that serves breakfast and lunches to students with federal and other funding. As of June 30, 2026, the Special Revenue Fund has a fund balance of \$143,030. The Special Revenue Fund revenue of \$449,019 remained consistent with the prior year of \$437,470, while expenditures in the current year of \$445,873 increased \$53,583 over the prior year expenses of \$392,290 due to increased personnel costs.

The Capital Projects Fund is used to account for all capital activity, including right-to-use assets. The Capital Projects Fund had revenues of \$1,326,443 and expenditures of \$1,913,715 during the year ended June 30, 2026, both of which increased over the prior year. The increase in revenue is due to increases of both half-cent sales tax and local capital improvement funding, while expenses increased due to construction work related to Building 6 and also furniture and equipment purchases made during the year.

The Debt Service Fund is used to account for all proceeds and payments, including interest, related to capital leases and long-term debt. Debt service for the current year totaled \$468,700 which increased due to additional debt and debt issuance costs on the new mortgage in 2026. Proceeds from long-term debt totaled \$1,536,268 due to the issuance of new debt for Building 6.

Significant Capital Assets and Long-Term Financing Activity

Capital Assets

In addition to non-depreciable capital assets, Rowlett Middle Academy has depreciable capital assets, right-to-use assets, and subscription-based information technology agreements. Depreciable capital assets include both building improvements and furniture, fixtures and equipment, noting the carrying value increased in the current year 36.0% from \$4,055,578 to \$5,516,244 due to current year additions of \$1,913,715 related to Building 6, furniture and equipment, right-to-use lease assets and right-to-use subscription assets offset by current year depreciation expense of \$378,682, amortization of the right-to-use asset of \$55,622, and amortization of the subscription assets of \$18,745.

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

Long-Term Financing

Rowlett Middle Academy's long-term financing obligations include mortgage payables, note payable, lease liability, and subscription liability. Total borrowings on the mortgage payables outstanding at June 30, 2026 totaled \$3,167,535. The total lease liability and subscription liability balance outstanding at June 30, 2026 was \$115,709 and \$11,560, respectively.

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

Currently Known Facts, Decisions, or Conditions

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.

The Board of Directors has approved an operating budget for the 2026-27 academic year. The original budget is based on 715 students with revenues budgeted for \$7,313,701 and expenditures budgeted for \$7,264,134. The budget demonstrates that Rowlett Middle Academy will have a budgeted increase in total fund balance of \$49,567.

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 A CHARTER SCHOOL AND COMPONENT UNIT OF
 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 STATEMENT OF NET POSITION
 JUNE 30, 2026**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current assets	
Cash	\$ 3,535,842
Accounts and grants receivable	99,881
Receivable from Rowlett Academy Custodial Funds	38,691
Prepaid expenses	130,388
Total current assets	<u>3,804,802</u>
Noncurrent assets	
Deposits	39,423
Capital assets, net of accumulated depreciation or amortization	<u>5,516,244</u>
Total noncurrent assets	<u>5,555,667</u>
TOTAL ASSETS	<u><u>\$ 9,360,469</u></u>
DEFERRED OUTFLOWS OF RESOURCES – Pension	<u><u>\$ 866,835</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 261,401
Payable to Rowlett Academy	953,615
Payable to Custodial Funds	2,546
Accrued expenses	542,893
Accrued interest	11,740
Total current liabilities	<u>1,772,195</u>
Noncurrent liabilities	
Due within one year	1,754,271
Due in more than one year	<u>4,011,498</u>
Total noncurrent liabilities	<u>5,765,769</u>
TOTAL LIABILITIES	<u><u>\$ 7,537,964</u></u>
DEFERRED INFLOWS OF RESOURCES – Pension	<u><u>\$ 783,989</u></u>
NET POSITION	
Net investment in capital assets	2,220,512
Restricted	143,030
Unrestricted (deficit)	(458,191)
TOTAL NET POSITION	<u><u>\$ 1,905,351</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
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 3,933,621	\$ -	\$ -	\$ -	\$ (3,933,621)
Pupil personnel services	516,092	-	-	-	(516,092)
Instructional media services	250,466	-	-	-	(250,466)
Instructional staff training	259	-	-	-	(259)
General administration	80,079	-	-	-	(80,079)
School administration	467,716	-	-	-	(467,716)
Professional services	186,906	-	-	-	(186,906)
Food services	456,093	449,019	-	-	(7,074)
Central services	48,088	-	-	-	(48,088)
Pupil transportation services	425,101	-	-	-	(425,101)
Operation of plant	1,065,334	-	-	-	(1,065,334)
Community services	72,114	234,552	-	-	162,438
Maintenance of plant	52,956	-	-	-	(52,956)
Interest expense	274,762	-	-	-	(274,762)
Total Governmental Activities	<u>7,829,587</u>	<u>683,571</u>	<u>-</u>	<u>-</u>	<u>(7,146,016)</u>
General Revenues:					
Grants and contributions not restricted to specific programs					8,239,715
Transfers to Rowlett Academy Custodial Funds					(4,366)
Transfers from Rowlett Middle Academy Custodial Funds					3,118
Total General Revenues and Transfers					<u>8,238,467</u>
Change in net position					1,092,451
Net Position – Beginning of year					<u>812,900</u>
Net Position – End of year					<u><u>\$ 1,905,351</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
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
ASSETS					
Cash	\$ 3,392,812	\$ 143,030	\$ –	\$ –	\$ 3,535,842
Accounts and grants receivable	99,881	–	–	–	99,881
Receivable from Rowlett Academy Custodial Funds	38,691	–	–	–	38,691
Prepaid expenses	130,388	–	–	–	130,388
Deposits	39,423	–	–	–	39,423
TOTAL ASSETS	\$ 3,701,195	\$ 143,030	\$ –	\$ –	\$ 3,844,225
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 261,401	\$ –	\$ –	\$ –	261,401
Payable to Custodial Funds	2,546	–	–	–	2,546
Payable to Rowlett Academy	953,615	–	–	–	953,615
Accrued expenses	542,893	–	–	–	542,893
TOTAL LIABILITIES	1,760,455	–	–	–	1,760,455
Fund Balances:					
Non-spendable	169,811	–	–	–	169,811
Restricted	–	143,030	–	–	143,030
Unassigned	1,770,929	–	–	–	1,770,929
TOTAL FUND BALANCES	1,940,740	143,030	–	–	2,083,770
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,701,195	\$ 143,030	\$ –	\$ –	\$ 3,844,225

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

ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
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A CHARTER SCHOOL AND COMPONENT UNIT OF
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RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Fund Balances – Governmental Funds	\$ 2,083,770
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	5,516,244
Deferred outflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position	866,835
Deferred inflows of resources related to pension are not recognized in the governmental funds; however, they are reported in the statement of net position	(783,989)
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Accrued interest	(11,740)
Mortgage payables	(3,167,535)
Note payable	(928)
Compensated absences	(96,689)
Lease liability	(115,709)
Subscription liability	(11,560)
Net pension liability	(2,373,348)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,905,351</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
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
REVENUES					
Federal through local	\$ 36,165	\$ 264,823	\$ -	\$ -	\$ 300,988
State through local	5,831,681	-	473,453	-	6,305,134
Local	1,279,978	184,196	852,990	-	2,317,164
Total Revenues	7,147,824	449,019	1,326,443	-	8,923,286
EXPENDITURES					
Current					
Instruction	3,717,835	-	-	-	3,717,835
Pupil personnel services	522,372	-	-	-	522,372
Instructional media services	252,367	-	-	-	252,367
Instructional staff training	259	-	-	-	259
General administration	80,858	-	-	-	80,858
School administration	417,917	-	-	-	417,917
Professional services	188,745	-	-	-	188,745
Food services	-	445,873	-	-	445,873
Central services	48,702	-	-	-	48,702
Pupil transportation services	430,192	-	-	-	430,192
Operation of plant	954,866	-	-	-	954,866
Community services	73,169	-	-	-	73,169
Maintenance of plant	52,956	-	-	-	52,956
Capital outlay	-	-	1,913,715	-	1,913,715
Debt service					
Principal payments	-	-	-	229,228	229,228
Interest and fiscal charges	-	-	-	239,472	239,472
Total Expenditures	6,740,238	445,873	1,913,715	468,700	9,568,526
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	407,586	3,146	(587,272)	(468,700)	(645,240)
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	-	-	-	1,536,268	1,536,268
Lease asset	-	-	76,545	-	76,545
Subscription asset	-	-	11,560	-	11,560
Transfers in	1,070,686	-	499,167	-	1,569,853
Transfers out	(503,533)	-	-	(1,067,568)	(1,571,101)
Total Other Financing Sources (Uses)	567,153	-	587,272	468,700	1,623,125
NET CHANGE IN FUND BALANCES	974,739	3,146	-	-	977,885
FUND BALANCES – Beginning of year	966,001	139,884	-	-	1,105,885
FUND BALANCES – End of year	<u>\$ 1,940,740</u>	<u>\$ 143,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,083,770</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, 2026**

Net change in fund balance – statement of revenues, expenditures
and changes in fund balances – Governmental Funds

\$ 977,885

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.

Capital outlay as capital asset additions	1,913,715	
Less depreciation	(378,681)	
Less amortization	(74,367)	
	(453,048)	

1,460,667

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

Proceeds from line of credit	(18,165)	
Payments on line of credit	144,230	
Proceeds from mortgage payable	(1,549,515)	
Principal payments on mortgage payable	64,448	
Lease liability addition	(76,545)	
Payments on lease liability	20,550	
Subscription liability addition	(11,560)	

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

Decrease in deferred outflows – pension	(468,871)	
Increase in accrued interest	(3,878)	
Decrease in compensated absences	128,397	
Increase in deferred inflows – pension	(371,150)	
Decrease in net pension liability	795,958	
	128,546	

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 1,092,451

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

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STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2026

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 261,883
Accounts receivable	299
Accounts receivable – Rowlett Middle Academy	2,546
Prepaid expenses	<u>5,170</u>
TOTAL ASSETS	<u><u>\$ 269,898</u></u>
LIABILITIES	
Accounts payable	\$ 4,940
Due to Rowlett Academy Custodial Funds	<u>3,841</u>
TOTAL LIABILITIES	<u><u>\$ 8,781</u></u>
NET POSITION	
Restricted for clubs	<u>\$ 261,117</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 269,898</u></u>

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

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 A CHARTER SCHOOL AND COMPONENT UNIT OF
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 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2026

	<u>Custodial Funds</u>
ADDITIONS	
Contributions	<u>\$ 213,844</u>
TOTAL ADDITIONS	<u>213,844</u>
DEDUCTIONS	
Beneficiary payments to clubs	<u>270,934</u>
TOTAL DEDUCTIONS	<u>270,934</u>
Net increase (decrease) in fiduciary net position before transfers	(57,090)
TRANSFERS	
Transfers to Rowlett Middle Academy	(3,118)
Transfers from Rowlett Academy Custodial Funds	<u>107,035</u>
TOTAL TRANSFERS	<u>103,917</u>
Net increase (decrease) in fiduciary net position	46,827
Net position – beginning of year	<u>214,290</u>
Net position – ending	<u><u>\$ 261,117</u></u>

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

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Rowlett 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, 2026, 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.

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.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide and Fund Financial Statements – Continued

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.

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.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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, 2026 the carrying amount of Rowlett Middle Academy's deposits was \$3,535,842 and the bank balances were \$3,618,353. Additionally, at June 30, 2026, the carrying amount of the Custodial Funds' deposits were \$261,883 and the bank balances were \$263,171. At year end, Rowlett Middle Academy had bank balances in excess of FDIC limits of \$3,368,353.

Capital Assets

Capital assets 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.

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.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Equity – Continued

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, 2026 included prepaid expenses of \$130,388 and deposits of \$39,423, which totals \$169,811.
- *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, 2026 was restricted for food services in the amount of \$143,030.
- *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.
- *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, 2026 in the amount of \$1,770,929.

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.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue Sources – Continued

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.

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.

Adoption of New Accounting Standards

Effective July 1, 2025, Rowlett Middle Academy adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements* (GASB No. 103) and GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB No. 104). The adoption of GASB No. 103 required updates to the Management's Discussion and Analysis to include specific topics and also detailed analyses explaining why balances and results of operations changed. It also required an explanation of significant variances between budget and actual amounts to be presented in the notes to the required supplementary information. The adoption of GASB No. 103 had no effect on net position or fund balance as initially reported. The adoption of GASB No. 104 had no impact on the Charter School's financial statements.

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NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – CAPITAL ASSETS

Capital asset activity for fiscal year ended June 30, 2026, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated or amortized:					
Land	\$ 516,288	\$ –	\$ –	\$ –	\$ 516,288
Construction in progress	847,544	–	–	–	847,544
	<u>1,363,832</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,363,832</u>
Capital assets being depreciated or amortized:					
Capital assets					
Buildings and improvements	2,877,447	1,419,294	–	–	4,296,741
Furniture, fixtures and equipment	2,035,249	357,466	–	–	2,392,715
Right-to-use assets					
Ipads and computers	48,629	119,329	–	–	167,958
Copier	31,332	–	–	–	31,332
Subscription assets					
Instruction software	81,483	–	–	–	81,483
Accounting software	–	17,626	–	–	17,626
Total capital assets, being depreciated or amortized	<u>5,074,140</u>	<u>1,913,715</u>	<u>–</u>	<u>–</u>	<u>6,987,855</u>
Less accumulated depreciation or amortization for:					
Capital assets					
Buildings and improvements	942,165	151,514	–	–	1,093,679
Furniture, fixtures and equipment	1,371,997	227,168	–	–	1,599,165
Right-to-use assets					
Ipads and computers	16,210	49,356	–	–	65,566
Copier	3,133	6,266	–	–	9,399
Subscription assets					
Instruction software	48,889	16,297	–	–	65,186
Accounting software	–	2,448	–	–	2,448
Total accumulated depreciation or amortization	<u>2,382,394</u>	<u>453,049</u>	<u>–</u>	<u>–</u>	<u>2,835,443</u>
Total capital assets, being depreciated or amortized, net	<u>2,691,746</u>	<u>1,460,666</u>	<u>–</u>	<u>–</u>	<u>4,152,412</u>
Governmental activities capital assets, net	<u>\$ 4,055,578</u>	<u>\$ 1,460,666</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 5,516,244</u>

Depreciation and amortization expense for the year ended June 30, 2026, was allocated to the following governmental functions:

	Depreciation	Amortization	Total
Instruction	\$ 207,144	\$ 65,653	\$ 272,797
School administration	46,676	8,714	55,390
Food services	12,986	–	12,986
Operation of plant	111,876	–	111,876
	<u>\$ 378,682</u>	<u>\$ 74,367</u>	<u>\$ 453,049</u>

NOTE 3 – LONG-TERM LIABILITIES

Line of Credit

During 2025, William Monroe Rowlett Academy for Arts & Communication, Inc. entered into a line of credit with a financial institution with an available balance of \$500,000 on behalf of Rowlett Middle Academy. During 2026, the outstanding balance on the line of credit was satisfied. Interest was due monthly on any outstanding balance at 7.5%.

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 (4.30% at June 30, 2026), plus 300 basis points.

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NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

Mortgage Payable – Continued

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:

Year Ending June 30, 2027	Principal	Interest	Total
	\$ 1,618,020	\$ 39,320	\$ 1,657,340
	\$ 1,618,020	\$ 39,320	\$ 1,657,340

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.

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NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

Mortgage Payable – Continued

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.

Mortgage Payable – Building 6

During 2026, William Monroe Rowlett Academy for Arts & Communication, Inc. financed the construction of Building 6 for Rowlett Middle Academy with a \$1,750,000 construction draw mortgage with a financial institution. The mortgage bears an initial interest rate of 6.88%. Rowlett Middle Academy is required to make equal monthly installments of principal and interest of \$12,348 through June 20, 2030 using a 300-month amortization schedule, adjusted thereafter based on the final draw amount. Final payment is due June 20, 2035. The total amount outstanding as of June 30, 2026 is \$1,549,515. The mortgage is secured by Building 6.

Future maturities on the mortgage are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	\$ 46,450	\$ 101,720	\$ 148,170
2028	46,198	101,972	148,170
2029	49,478	98,692	148,170
2030	52,992	95,178	148,170
2031	235,042	85,863	320,905
2032–2035	1,119,355	164,265	1,283,620
	<u>\$ 1,549,515</u>	<u>\$ 647,690</u>	<u>\$ 2,197,205</u>

The occurrence of any one of the following events shall constitute an event of default: (a) the failure by the borrower to perform or observe any covenant, except the payment of money of the borrower, for a period of ten days following receipt of written notice of default contained in the assignment, mortgage, construction loan agreement, promissory note, or any other instrument executed in connection with the debt secured by this assignment, or should any warranty of borrower contained in any of the aforesaid instruments prove untrue or misleading in any material aspect; (b) the failure of borrower to perform or observe any covenant to pay money of by the borrower contained in the assignment, mortgage, construction loan agreement, promissory note, or any other instrument executed in connection with the debt secured by the assignment; (c) the failure by Borrower to meet any condition set forth in the contract documents.

Upon default, the lender may exercise any of its remedies under the loan documents as follows: (a) the borrower does specifically authorize the lender, in the borrower's name or in the lender's name, to sue for or otherwise collect and receive issues and profits from the contract documents, including those past due and unpaid, and apply the same against all costs and expenses of operation of the premises or the performance of the borrower's obligations under the contract documents, including reasonable attorneys' fees. Any amounts remaining after such application shall be applied next to interest and then to the principal on the indebtedness evidenced by the promissory note referred to herein. Neither entry upon and taking possession of the property, nor the collection of the issues and rights from the contract documents shall in any way operate to cure or waive any default under any other instrument given by the borrower to the lender, or prohibit the taking of any other action by Lender under any such instrument, or at law or in equity,

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NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

Mortgage Payable – Building 6 – Continued

to enforce payment of the indebtedness secured by the contract documents or to realize on any other security; (b) the borrower further agrees that: (i) should the borrower fail to perform or observe any covenants or comply with any condition contained in the contract documents, then the lender, but without obligation so to do and without notice to or demand on the borrower or releasing the borrower from its obligation so to do, may perform such covenant or condition and may appear in and defend any action affecting the contract documents. To the extent that the lender shall incur any costs or pay any sums in connection therewith, including any costs or expenses of litigation and reasonable attorneys' fees (whether incurred in litigation or otherwise), then such charges shall be included in the indebtedness secured hereby and shall bear interest from the incurring of payment thereof at the maximum contract rate of interest permitted by law; ii) the lender shall not be obligated to perform or discharge any obligation of the borrower under the contract documents, and the borrower agrees to indemnify and hold the lender harmless against any and all liability, loss, or damage which Lender may incur under the contract documents or under or by reason of this assignment and of and from all claims and demands whatsoever which may be asserted against it by reason of an act of Lender under this assignment, or under the contract documents. Should the lender incur any such liability, loss, or damage under any contract document or under or by reason of this assignment, or in defense against any such claims or demands, the amount thereof, including costs, expenses, and reasonable attorneys' fees, together with interest thereon at the rate applicable to such charges in accordance with the terms of the promissory note and mortgage, shall be included in the indebtedness secured by the mortgage, and the Borrower shall reimburse the Lender therefore immediately upon demand; (c) In the event of a foreclosure of the mortgage or a deed in lieu of foreclosure, or other acquisition of title to the land and improvements by Lender, all right, title, and interest of the borrower in, to, and under the contract documents shall pass to the purchaser or to the lender, as the case may be, and the lender is hereby irrevocably appointed by the borrower as attorney-in-fact for the borrower, to assign any such contract documents to any such purchaser, without accounting to Borrower in any manner whatsoever.

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
2027	\$ 928	\$ –	\$ 928
	\$ 928	\$ –	\$ 928

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NOTE 3 – LONG-TERM LIABILITIES – CONTINUED

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Line of credit	\$ 126,065	\$ 18,165	\$ (144,230)	\$ –	\$ –
Mortgage payable	1,682,468	–	(64,448)	1,618,020	1,618,020
Mortgage payable – Building 6	–	1,549,515	–	1,549,515	46,450
Note payable	928	–	–	928	928
Compensated absences	225,086	–	(128,397) *	96,689	24,200
Lease liability	59,714	76,545	(20,550)	115,709	58,987
Subscription liability	–	11,560	–	11,560	5,686
Net pension liability	3,169,306	717,415	(1,513,373)	2,373,348	–
	<u>\$ 5,263,567</u>	<u>\$ 2,373,200</u>	<u>\$ (1,870,998)</u>	<u>\$ 5,765,769</u>	<u>\$ 1,754,271</u>

* The change in compensated absences is presented as a net change.

NOTE 4 – LEASES

During 2025, Rowlett Middle Academy entered into an operating lease agreement for iPads. The operating lease requires annual payments of \$17,435. The interest was based on Rowlett Middle Academy's incremental borrowing rate of 7.50%. The lease term ends in June 2027.

During 2025, Rowlett Middle Academy entered into an operating lease agreement for a copier. The operating lease requires monthly payments of \$624. The interest is based on Rowlett Middle Academy's incremental borrowing rate of 7.50%. The lease term ends in December 2029.

During 2026, Rowlett Middle Academy entered into an operating lease agreement for iPads and computers. The operating lease requires annual payments of \$42,785. The interest is based on Rowlett Middle Academy's incremental borrowing rate of 7.50%. The lease term ends in August 2028.

The lease expense for the year ended June 30, 2026 was as follows:

Lease expense	
Amortization expense by class of underlying asset	
Ipads and computers	\$ 49,356
Copier	<u>6,266</u>
Total amortization expense	55,622
Interest on lease liability	<u>8,094</u>
Total lease expense	<u>\$ 63,716</u>

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NOTE 4 – LEASES – CONTINUED

Future minimum lease payments for leases are as follows:

Year Ending June 30	Principal	Interest	Total Payments
2027	\$ 58,987	\$ 8,720	\$ 67,707
2028	46,131	4,141	50,272
2029	6,927	559	7,486
2030	3,664	81	3,745
	<u>\$ 115,709</u>	<u>\$ 13,501</u>	<u>\$ 129,210</u>

NOTE 5 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Effective July 1, 2023, Rowlett Middle Academy entered into a subscription-based information technology agreement for instruction software in the amount of \$81,483 which was paid in advance during 2023.

During 2026, Rowlett Middle Academy entered into a subscription-based information technology agreement for accounting software. The agreement requires annual payments of \$18,202. The interest was based on Rowlett Middle Academy's incremental borrowing rate of 3.25%. The lease term ends in January 2029.

The subscription expense for the year ended June 30, 2026 was as follows:

Subscription expense	
Amortization expense by class	
of underlying asset	
Instruction software	\$ 16,297
Accounting software	2,448
Total amortization expense	18,745
Interest on subscription liability	157
Total subscription expense	<u>\$ 18,902</u>

Future minimum payments for subscriptions are as follows:

Year Ending June 30	Principal	Interest	Total Payments
2027	\$ 5,686	\$ 381	\$ 6,067
2028	5,874	193	6,067
	<u>\$ 11,560</u>	<u>\$ 574</u>	<u>\$ 12,134</u>

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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	\$ 21,668
Title II	2,856
Title IV	11,641
Food services	264,823
	<u>300,988</u>

State through local

Base funding of enrollment	4,101,616
ESOL	30,771
Exceptional student education	201,853
Safe Schools	72,448
Class size adjustment	639,788
Transportation	176,965
Mental Health	45,267
Charter School Capital Outlay	473,453
School Recognition Funds	59,175
Teacher Salary Allocation	274,994
Safety and Security grant	9,134
Education Enrichment Share	172,377
Industry certification	47,280
Other	13
	<u>6,305,134</u>

Local

After school care	234,552
Bus fees	162
Food services	184,196
Local Capital Improvement	558,432
Half Cent Sales Tax	289,160
Other capital	5,398
Referendum Millage	967,047
REACH grant	27,439
E-Rate	12,615
Insurance refund	35,684
Interest on investments	40
Other	2,439
	<u>2,317,164</u>

Total Revenues	<u><u>\$ 8,923,286</u></u>
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NOTE 7 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM

Plan Description

All part-time and full-time permanent employees of Rowlett 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.

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.

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NOTE 7 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

Contributions Required and Made – Continued

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, 2026 was 14.03% for regular employees and 22.02% 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 \$302,858 for the year ended June 30, 2026, which equaled required contributions and approximated 14.42% 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, 2026, Rowlett Middle Academy had employee and employer contributions totaling \$32,295 due to the FRS Plan.

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

At June 30, 2026, Rowlett Middle Academy reported a liability of \$2,373,348 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, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025 for FRS and July 1, 2024 for HIS. 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, 2025, Rowlett Middle Academy's proportion was 0.004699977% for FRS and 0.007136398% 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, 2025 measurement, Rowlett Middle Academy recognized pension expense of \$404,581. 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	\$ 155,799	\$ –	\$ 5,460	\$ 1,451
Changes in assumptions	169,386	–	8,096	221,243
Net difference between projected and actual earnings on pension plan investments	–	243,535	–	761
Change in proportion and differences between contributions and proportionate share of contributions	40,356	179,096	127,220	137,903
Rowlett Middle Academy contributions subsequent to the June 30, 2025 measurement date	296,574	–	63,944	–
	<u>\$ 662,115</u>	<u>\$ 422,631</u>	<u>\$ 204,720</u>	<u>\$ 361,358</u>

Total deferred outflows were \$866,835 and total deferred inflows were \$783,989. \$296,574 (FRS) and \$63,944 (HIS) reported as deferred outflows of resources related to pensions resulting from Rowlett Middle Academy contributions subsequent to the measurement date which were recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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>	<u>FRS</u>	<u>HIS</u>
2026	\$ (9,037)	\$ (38,052)
2027	(9,037)	(38,052)
2028	(9,037)	(38,052)
2029	(9,037)	(38,052)
2030	(20,942)	(38,053)
Thereafter	–	(30,321)
	<u>\$ (57,090)</u>	<u>\$ (220,582)</u>

Actuarial Assumptions

The total pension liability in the July 1, 2025 actuarial valuation for FRS and July 1, 2024 for HIS was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 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-2021, and mortality assumptions for the HIS program were based on the Generational PUB-2010 with Projection Scale MP-2021.

The actuarial assumptions used in the July 1, 2025 valuation for FRS were based on the results of an actuarial experience study performed for the period July 1, 2018 – June 30, 2023. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that Plan, but the actuarial assumptions 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 long-term average annual inflation assumption of 2.40 percent as adopted in October 2025 by the FRS Actuarial Assumption Conference; and 2) an inferred real (in excess of inflation) return of 4.20%. 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%	3.2%
Fixed income	29.0%	5.5%
Global equity	45.0%	8.5%
Real estate	12.0%	8.4%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.5%

Discount Rate

The discount rate used to measure the total FRS pension liability was 6.70%. The HIS rate increased from 3.93% to 5.20% 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.

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in the 2025 valuation for HIS:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The assumption changes were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its October 2025 meeting.

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NOTE 7 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM – CONTINUED

Actuarial Assumptions – Continued

- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates. The previous rate was 3.93%.

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 5.20%, 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%) or 1-percentage-point higher (7.70%) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Rowlett Middle Academy's proportionate share of the FRS net pension liability	\$2,862,566	\$1,458,644	\$ 281,616

The following presents Rowlett Middle Academy's proportionate share of the HIS net pension liability calculated using the discount rate of 3.93%, as well as what Rowlett Middle Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Rowlett Middle Academy's proportionate share of the HIS net pension liability	\$1,031,476	\$ 914,704	\$ 816,769

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

	<u>Deferred Outflows</u>	<u>Net Pension Liability</u>	<u>Deferred Inflows</u>
FRS	\$ 662,115	\$1,458,644	\$ 422,631
HIS	204,720	914,704	361,358
	<u>\$ 866,835</u>	<u>\$2,373,348</u>	<u>\$ 783,989</u>

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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, 2026 was 14.03% for regular employees and 22.02% 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 2026, Rowlett Middle Academy employer contributions totaled \$152,526. As of June 30, 2026, Rowlett Middle Academy had employee and employer contributions totaling \$16,432 due to the Investment Plan.

NOTE 9 – 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, 2026, Rowlett Middle Academy owed Rowlett Academy \$953,615.

Rowlett Middle Academy has a receivable from the Rowlett Academy Custodial Funds at June 30, 2026 of \$38,691. Rowlett Middle Academy also transferred \$4,366 to the Rowlett Academy Custodial Funds during the year.

Additionally, Rowlett Middle Academy owed its own Custodial Funds \$2,546 as of June 30, 2026. Rowlett Middle Academy also received transfers of \$3,118 from the Rowlett Middle Academy Custodial Funds during the year.

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NOTE 9 – RELATED PARTY TRANSACTIONS – CONTINUED

The Custodial Funds had a payable at June 30, 2026 to Rowlett Academy Custodial Funds of \$3,841. The Custodial Funds also received transfers from Rowlett Academy Custodial Funds during the year of \$107,035.

NOTE 10 – 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
WILLIAM MONROE ROWLETT ACADEMY FOR ARTS & COMMUNICATION, INC.)
A CHARTER SCHOOL AND COMPONENT UNIT OF
THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

GENERAL FUND					
	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE WITH ORIGINAL BUDGET OVER (UNDER) FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER) ACTUAL AMOUNTS
REVENUES					
Federal through local	\$ 32,415	\$ 36,165	\$ 3,750	\$ 36,165	\$ -
State through local	5,865,409	5,832,954	(32,455)	5,831,681	(1,273)
Local	1,246,604	1,348,198	101,594	1,279,978	(68,220)
Total Revenues	7,144,428	7,217,317	72,889	7,147,824	(69,493)
EXPENDITURES					
Current					
Instruction	4,012,398	3,832,131	(180,267)	3,717,835	(114,296)
Pupil personnel services	558,360	534,001	(24,359)	522,372	(11,629)
Instructional media services	270,508	273,985	3,477	252,367	(21,618)
Instructional staff training	1,500	2,574	1,074	259	(2,315)
General administration	124,817	81,478	(43,339)	80,858	(620)
School administration	495,634	488,182	(7,452)	417,917	(70,265)
Professional services	187,710	189,036	1,326	188,745	(291)
Central services	44,856	48,224	3,368	48,702	478
Pupil transportation services	408,090	431,998	23,908	430,192	(1,806)
Operation of plant	772,954	855,369	82,415	954,866	99,497
Community services	73,095	75,400	2,305	73,169	(2,231)
Maintenance of plant	13,287	38,500	25,213	52,956	14,456
Total Expenditures	6,963,209	6,850,878	(112,331)	6,740,238	(110,640)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	181,219	366,439	185,220	407,586	41,147
OTHER FINANCING SOURCES (USES)					
Transfers, net	-	-	-	567,153	567,153
NET CHANGE IN FUND BALANCE	181,219	366,439	185,220	974,739	608,300
FUND BALANCE – Beginning of year	966,001	966,001	-	966,001	-
FUND BALANCE – End of year	\$ 1,147,220	\$ 1,332,440	\$ 185,220	\$ 1,940,740	\$ 608,300

ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
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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, 2026

	SPECIAL REVENUE FUND				
	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE WITH ORIGINAL BUDGET OVER (UNDER) FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER) ACTUAL AMOUNTS
REVENUES					
Federal through local	\$ 244,000	\$ 266,000	\$ 22,000	\$ 264,823	\$ (1,177)
Local	186,000	186,000	–	184,196	(1,804)
Total Revenues	430,000	452,000	–	449,019	(2,981)
EXPENDITURES					
Current					
Food services	404,549	445,940	41,391	445,873	(67)
Total Expenditures	404,549	445,940	41,391	445,873	(67)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25,451	6,060	(19,391)	3,146	(2,914)
OTHER FINANCING SOURCES (USES)					
Transfers, net	–	–	–	–	–
NET CHANGE IN FUND BALANCE	25,451	6,060	(19,391)	3,146	(2,914)
FUND BALANCE – Beginning of year	139,884	139,884	–	139,884	–
FUND BALANCE – End of year	<u>\$ 165,335</u>	<u>\$ 145,944</u>	<u>\$ (19,391)</u>	<u>\$ 143,030</u>	<u>\$ (2,914)</u>

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

NOTE 1 – BUDGETARY INFORMATION

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

NOTE 2 – SIGNIFICANT VARIANCES BETWEEN ORIGINAL BUDGET AND FINAL BUDGET

The General Fund and Special Revenue Fund budgets were revised on July 21, 2026 to adjust for significant changes from original assumptions used to prepare the original budget.

In the General Fund, the budget for local revenues was increased \$101,594 due to higher than anticipated school-age child care fees of \$69,552 and referendum millage allocations of \$32,042. The General Fund had a decrease in the instruction expenditures of \$180,267 largely due to a decrease of \$158,444 for unanticipated computer equipment purchases and repairs, and \$107,747 due to teacher salary and benefits being originally higher than anticipated. Operation of plant budgeted expenditures increased \$82,415 largely due to expected higher purchased services of \$57,087.

In the Special Revenue fund, the federal through local revenues budget increased by \$22,000 which was largely due to an increase of \$19,000 related school breakfast reimbursement higher than initially anticipated. Budgeted food service expenditures was increased by \$44,391 which was largely related to supplies and materials which were more costly than anticipated, expected personnel cost increases of \$23,153, and increases in materials and supplies of \$17,925.

NOTE 3 – SIGNIFICANT VARIANCES BETWEEN FINAL BUDGET AND ACTUAL AMOUNTS

In the General Fund, the variance between final budgeted local revenues and actual amounts related largely to a variance of \$68,220 related to less transportation revenues, insurance refunds and REACH grant revenues than expected.

Actual expenditures for operation of plant were greater than budget by \$99,497 due to general operating costs in excess of expected budget. Instruction expenditures were less than budget by \$114,296 due to differences in anticipated personnel and insurance costs.

There were no significant variances between the final budget and actual amounts for the Special Revenue Fund.

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

FLORIDA RETIREMENT SYSTEM (FRS) Last Nine Fiscal Years *									
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Charter School's proportion of the net pension liability	0.0000000000%	0.0000000000%	0.001347383%	0.004582146%	0.005417027%	0.005528050%	0.005406631%	0.005144779%	0.004699977%
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ 464,020	\$ 1,985,970	\$ 409,195	\$ 2,056,879	\$ 2,154,371	\$ 1,990,242	\$ 1,458,644
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638	\$ 2,091,037	\$ 2,241,107	\$ 2,219,013	\$ 2,041,474	\$ 2,100,592
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	22%	98%	20%	92%	97%	97%	69%
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%	83.70%	87.26%

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

	RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS) Last Nine Fiscal Years *									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Charter School's proportion of the net pension liability	0.0000000000%	0.0000000000%	0.001989889%	0.007357194%	0.007984225%	0.008235328%	0.008181262%	0.007859913%	0.007136398%	
Charter School's proportionate share of the net pension liability	\$ -	\$ -	\$ 222,649	\$ 898,301	\$ 979,385	\$ 872,253	\$ 1,299,293	\$ 1,179,064	\$ 914,704	
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638	\$ 2,091,037	\$ 2,241,107	\$ 2,219,013	\$ 2,041,474	\$ 2,100,592	
Charter School's proportionate share of the net pension liability as a percentage of its covered payroll	0%	0%	11%	44%	47%	39%	59%	58%	44%	
Plan fiduciary net position as a x percentage of total pension liability	1.64%	2.15%	2.63%	3.00%	3.56%	4.81%	4.12%	4.80%	6.36%	

**ROWLETT MIDDLE ACADEMY (A CHARTER SCHOOL UNDER
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 THE SCHOOL DISTRICT OF MANATEE COUNTY, FLORIDA
 SCHEDULE OF THE CHARTER SCHOOL'S CONTRIBUTIONS – FLORIDA RETIREMENT SYSTEM**

FLORIDA RETIREMENT SYSTEM (FRS) Last Nine Fiscal Years *									
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution **	\$ -	\$ -	\$ 41,779	\$ 152,244	\$ 206,365	\$ 235,892	\$ 260,094	\$ 291,330	\$ 280,621
Contributions in relation to the contractually required contribution	-	-	41,779	152,244	206,365	235,892	260,094	291,330	280,621
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638	\$ 2,091,037	\$ 2,241,107	\$ 2,219,013	\$ 2,041,474	\$ 2,100,592
Contributions as a percentage of covered payroll	0.00%	0.00%	2.02%	7.53%	9.87%	10.53%	11.72%	14.27%	13.36%

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

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS) Last Nine Fiscal Years *									
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution **	\$ -	\$ -	\$ 11,050	\$ 42,396	\$ 46,931	\$ 49,831	\$ 53,818	\$ 66,544	\$ 63,782
Contributions in relation to the contractually required contribution	-	-	11,050	42,396	46,931	49,831	53,818	66,544	63,782
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter School's covered payroll	\$ -	\$ -	\$ 2,067,500	\$ 2,020,638	\$ 2,091,037	\$ 2,241,107	\$ 2,219,013	\$ 2,041,474	\$ 2,100,592
Contributions as a percentage of covered payroll	0.00%	0.00%	0.53%	2.10%	2.24%	2.22%	2.43%	3.26%	3.04%

* – 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
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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed for the period July 1, 2018 through June 30, 2023. 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 FRS was determined by an actuarial valuation as of July 1, 2025 and for HIS as of July 1, 2024. 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 3.50%. 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 5.20% 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-2021, and mortality assumptions for the HIS program were based on the Generational PUB-2010 with Projection Scale MP-2021.

The following changes in actuarial assumptions occurred in 2025 for FRS and HIS:

- All demographic assumptions and methods were reviewed as part of the 2024 Experience Study. Changes were adopted by the 2024 FRS Actuarial Assumption Conference during its meetings in October 2024.
- The assumption changes were updated to reflect recent and anticipated future experience of HIS program participants. Changes were adopted by the 2025 FRS Actuarial Assumption Conference during its October 2025 meeting.
- The discount rate was modified to reflect the change in the value of the municipal bond index between GASB measurement dates. The previous rate was 3.93%.

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, 2026, 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 25, 2026.

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.

CS&L CPAs

CS&L CPAs, P.A.

September 25, 2026
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, 2026, and have issued our report thereon dated September 25, 2026.

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 25, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title

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

CS&L CPAs

CS&L CPAs, P.A.

September 25, 2026
Bradenton, Florida