

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT  
OF THE DISTRICT SCHOOL BOARD OF  
LAKE COUNTY, FLORIDA**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORTS THEREON**

**JUNE 30, 2019**



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of Round Lake Charter, Inc. (the "School") presents management's discussion and analysis of the School's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the School's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The School's net position increased compared to the prior year.
- For fiscal year 2019, the School's revenues exceeded expenses by \$137,063, which is a decrease from the prior year when revenues exceeded expenses by \$314,722.
- Overall, revenues increased by approximately \$374,000, which was a 5% increase from the prior year.
- Overall, expenses increased by approximately \$551,000, which was an 8% increase from the prior year.
- Total assets and deferred outflows were \$11,602,163 and liabilities and deferred inflows were \$6,714,704, resulting in net position of \$4,887,459 as of June 30, 2019.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
  - The *governmental funds* financial statements tell how general school services were financed in the short term, as well as what remains for future spending.
  - The *fiduciary fund* financial statement provides information about the financial relationships in which the School acts solely as an agent for the benefit of others.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

This document also includes the 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*, as well as the management letter required by the Rules of the Auditor General, Chapter 10.850.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

The following table summarizes the major features of the School's financial statements, including the portion of the School they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

	<b>Government-wide Statements</b>	<b>Fund Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Fund</b>
Scope	Entire School (except the fiduciary fund)	The activities of the School that are not proprietary or fiduciary	Instances in which the School administers resources on behalf of someone else
Required financial statements	Statement of net position Statement of activities	Balance sheet – governmental funds Statement of revenues, expenditures and changes in fund balances – governmental funds	Statement of fiduciary assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets/deferred outflows of resources expected to be used up and liabilities/deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **Government-wide Financial Statements**

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources, but excludes fiduciary funds. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide financial statements report the School's net position and how it has changed. Net position – the difference between the School's assets and deferred outflows of resources and its liabilities and deferred inflows of resources – is one way to measure the School's financial condition. Over time, increases or decreases in the School's net position are an indicator of whether its financial condition is improving or deteriorating, respectively. To assess the overall health of the School, one needs to consider additional nonfinancial factors such as changes in the School's student base, the quality of the education and the safety of the School.

The government-wide financial statements of the School are generally divided into three categories:

- Governmental Activities – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- Business-type Activities – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- Component Units – there currently are no component units included within the reporting entity of the School.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is a self-balancing set of accounts which the School uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law, and the School may establish other funds to control and manage money for particular purposes, such as for federal grants.

The School has two types of funds:

- Governmental Funds – most of the School's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the differences between them.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

- Fiduciary Funds – the School is the agent, or fiduciary, for assets that belong to others, such as student activities funds. The School is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School excludes these activities from the government-wide financial statements because the School cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

**Net Position**

The School's combined net position as of June 30, 2019 and 2018 is summarized as follows - see table below.

	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>2019</b>	<b>2018</b>	
Current and other assets	\$ 6,519,287	\$ 6,835,212	-5%
Capital assets, net	3,529,793	2,686,320	31%
Deferred outflows of resources	1,553,083	1,767,043	-12%
Total assets and deferred outflows	11,602,163	11,288,575	3%
Current and other liabilities	1,722,805	1,375,602	25%
Long-term liabilities	4,516,120	4,888,187	-8%
Deferred inflows of resources	475,779	274,390	73%
Total liabilities and deferred inflows	6,714,704	6,538,179	3%
<b>Net position:</b>			
Net investment in capital assets	3,529,793	2,613,505	35%
Restricted for food service	9,401	-	100%
Restricted for terminal employee benefits	30,000	30,000	0%
Unrestricted	1,318,265	2,106,891	-37%
Total net position	\$ 4,887,459	\$ 4,750,396	3%

The increase in net capital assets and the net investment in capital assets is a result of current year capital asset additions in excess of depreciation expense. Current and other liabilities increased due to an increase in amounts due to the Lake County School Board for payroll and related costs provided during fiscal year 2019, as well as the result of the timing of payments at year-end. The changes in deferred outflows of resources, long-term liabilities and deferred inflows of resources are all related to the remeasurement of the net pension liability and the other postemployment benefits obligation for fiscal 2019. The change in unrestricted net position is the result of current year operations and the activity noted above.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

**Change in Net Position**

The School's total revenues increased by 5% to \$8,035,343, and the total cost of all programs and services increased by 8% to \$7,898,280 - see table below:

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2019</u>	<u>2018</u>	<u>(Decrease)</u>
Revenues:			
Federal sources	\$ 326,323	\$ 449,028	-27%
State and local sources	7,311,766	6,790,865	8%
Contributions and other revenue	397,254	421,837	-6%
Total revenues	<u>8,035,343</u>	<u>7,661,730</u>	<u>5%</u>
Expenses:			
Instruction and instruction-related services	6,150,029	5,539,508	11%
Board	30,972	33,975	-9%
General administration	99,353	141,663	-30%
School administration	694,744	547,252	27%
Food services	355,741	425,050	-16%
Central services	1,650	-	100%
Pupil transportation services	111,223	97,343	14%
Operation of plant	452,804	460,354	-2%
Community services	1,764	101,863	-98%
Total expenses	<u>7,898,280</u>	<u>7,347,008</u>	<u>8%</u>
Change in net position	<u>\$ 137,063</u>	<u>\$ 314,722</u>	<u>-56%</u>

Revenues from federal sources decreased due to a decrease in Title II and school lunch funding. Revenues from state and local sources increased as a result of an increase in student population, as well as the receipt of school recognition funds in the current year.

Instruction and instruction related-related services increased due to additional staff in the current year for the middle school expansion and related expenses. General administration decreased as the district administrative fee decreased from 5% to 2% since the School qualified as high-performing. School administration increased due to an increase in staff and salary related expenses, as well as the addition of a school resource officer. Food services decreased due to less food purchases in the current year. Community services decreased as the Early Learning Center ("ELC") program was outsourced to a third-party provider.

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

As the School completed the year, its governmental funds reported a fund balance of \$4,796,482. Both revenues and expenditures changed overall for the same reasons described above.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(continued)**

**General Fund Budgetary Highlights**

Over the course of the year, the School revised its budget several times to account for the changes in student enrollment and resulting increases in appropriations.

For fiscal year 2019, actual general fund revenues were not significantly different from the final budgeted amounts. Actual expenditures were approximately \$69,000 below the final budgeted amounts, which represents a less than 1% budget variance.

**Special Revenue Fund Budgetary Highlights**

For fiscal year 2019, actual special revenue fund revenues and expenditures were not significantly different from the final budgeted amounts.

**CAPITAL ASSET ADMINISTRATION**

The School's investment in capital assets at the end of fiscal 2019 amounts to \$3,529,793 (net of accumulated depreciation). See table below:

	<b>Governmental Activities</b>		<b>Increase</b>
	<b>2019</b>	<b>2018</b>	<b>(Decrease)</b>
Construction in progress	\$ 258,906	\$ 2,463,518	-89%
Improvements other than buildings	153,124	153,124	0%
Buildings and fixed equipment	3,237,439	148,393	2082%
Furniture, fixtures and equipment	106,925	106,925	0%
Motor vehicles	210,047	102,443	105%
Less accumulated depreciation	(436,648)	(288,083)	-52%
Total capital assets, net	<u>\$ 3,529,793</u>	<u>\$ 2,686,320</u>	<u>31%</u>

This year's major capital asset additions include the following:

- Middle school building construction - \$625,528
- Gym construction - \$258,906
- School bus - \$107,604

More detailed information about the School's capital assets is presented in Note 3 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2020:

- Projected increase in student enrollment
- Projected increases in personnel and related salaries



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(continued)**

Amounts available for appropriation in the general fund are \$8,904,134, an increase of 18% from the final 2019 actual revenues of \$7,558,526. FEFP revenue is expected to increase due to an increase in enrollment.

Budgeted expenditures are expected to total \$10,054,921, an increase of 22% from the final 2019 actual expenditures of \$8,231,055. Expenditures are expected to increase due to an increase in the expected number of students the School serves, raises in salaries and a planned expansion to add a gymnasium.

If these estimates are realized, the School's general fund balance is expected to decrease by the close of fiscal 2020.

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide interested parties with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Should additional information be required, please contact the School's administrative offices at 31333 Round Lake Road, Mount Dora, Florida 32757.

## **Independent Auditor's Report on Basic Financial Statements and Supplementary Information**

To the Board of Directors of Round Lake Charter, Inc., a Charter School  
and Component Unit of the District School Board of Lake County, Florida

### **REPORTING ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Round Lake Charter, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Round Lake Charter, Inc. as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7, the budgetary comparison information on pages 37 - 38, the pension information on pages 39 – 40 and the other postemployment benefit information on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2020 on our consideration of the 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 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 School's internal control over financial reporting and compliance.



Winter Park, Florida  
February 3, 2020

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2019**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,705,635
Investments	800,045
Accounts receivable	10,647
Other current assets	2,960
Capital assets, net	3,529,793
Total assets	10,049,080
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources	1,553,083
Total assets and deferred outflows of resources	\$ 11,602,163
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 18,049
Due to the District School Board of Lake County, Florida	1,704,756
Long-term liabilities:	
Due within one year	352,747
Due in more than one year	4,163,373
Total liabilities	6,238,925
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources	475,779
<b>NET POSITION</b>	
Net investment in capital assets	3,529,793
Restricted for:	
Food service	9,401
Terminal employee benefits	30,000
Unrestricted	1,318,265
Total net position	4,887,459
Total liabilities, deferred inflows of resources and net position	\$ 11,602,163

The accompanying notes to financial statements are an integral part of this statement.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:						
Instruction	\$ 5,534,055	\$ 107,949	\$ 15,897	\$ -	\$ (5,410,209)	\$ (5,410,209)
Instructional support services	325,049	-	29,876	-	(295,173)	(295,173)
Instructional media	74,035	-	-	-	(74,035)	(74,035)
Instruction and curriculum development	139,024	-	37,286	-	(101,738)	(101,738)
Instructional staff training	77,573	-	28,616	-	(48,957)	(48,957)
Instruction-related technology	293	-	-	-	(293)	(293)
Board	30,972	-	-	-	(30,972)	(30,972)
General administration	99,353	-	-	-	(99,353)	(99,353)
School administration	694,744	-	-	-	(694,744)	(694,744)
Food services	355,741	150,494	214,648	-	9,401	9,401
Central services	1,650	-	-	-	(1,650)	(1,650)
Pupil transportation services	111,223	-	-	-	(111,223)	(111,223)
Operation of plant	452,804	-	-	-	(452,804)	(452,804)
Community services	1,764	561	-	-	(1,203)	(1,203)
Total primary government	<u>\$ 7,898,280</u>	<u>\$ 259,004</u>	<u>\$ 326,323</u>	<u>\$ -</u>	<u>(7,312,953)</u>	<u>(7,312,953)</u>
General revenues:						
State and local sources					7,311,766	7,311,766
Contributions and other revenue					138,250	138,250
Total general revenues					<u>7,450,016</u>	<u>7,450,016</u>
Change in net position					137,063	137,063
Net position at beginning of year					4,750,396	4,750,396
Net position at end of year					<u>\$ 4,887,459</u>	<u>\$ 4,887,459</u>

The accompanying notes to financial statements are an integral part of this statement.

**ROUND LAKE CHARTER, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2019**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,696,234	\$ 9,401	\$ 5,705,635
Investments	800,045	-	800,045
Accounts receivable	10,647	-	10,647
Other current assets	2,960	-	2,960
	<b>\$ 6,509,886</b>	<b>\$ 9,401</b>	<b>\$ 6,519,287</b>
 <b>LIABILITIES</b>			
Accounts payable and accrued expenditures	\$ 18,049	\$ -	\$ 18,049
Due to the District School Board of Lake County, Florida	1,704,756	-	1,704,756
	<b>1,722,805</b>	<b>-</b>	<b>1,722,805</b>
 <b>FUND BALANCES</b>			
Nonspendable:			
Other current assets	2,960	-	2,960
Restricted for:			
Food service	-	9,401	9,401
Terminal employee benefits	30,000	-	30,000
Committed to:			
Construction contracts	1,089,244	-	1,089,244
Assigned to:			
Open purchase orders	86,613	-	86,613
Unassigned	3,578,264	-	3,578,264
	<b>4,787,081</b>	<b>9,401</b>	<b>4,796,482</b>
Total fund balances	<b>\$ 4,787,081</b>	<b>\$ 9,401</b>	<b>\$ 4,796,482</b>
Total liabilities and fund balances	<b>\$ 6,509,886</b>	<b>\$ 9,401</b>	<b>\$ 6,519,287</b>

The accompanying notes to financial statements are an integral part of this statement.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2019**

<b>Total fund balances - governmental funds</b>	\$	4,796,482
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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 as assets in the governmental funds. The cost of the assets is \$3,966,441, and the accumulated depreciation is \$436,648.		3,529,793
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Amounts accrued for compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(352,747)
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The following balances do not use current resources or are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Deferred outflows of resources		1,553,083
Net pension liability		(3,698,738)
Other postemployment benefits obligation		(464,635)
Deferred inflows of resources		(475,779)
<b>Total net position - governmental activities</b>	<b>\$</b>	<b>4,887,459</b>

The accompanying notes to financial statements are an integral part of this statement.

**ROUND LAKE CHARTER, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Federal through state	\$ -	\$ 214,648	\$ 214,648
Federal sources passed through local school district	-	111,675	111,675
State and local sources	7,311,766	-	7,311,766
Contributions and other revenue	246,760	150,494	397,254
Total revenues	<u>7,558,526</u>	<u>476,817</u>	<u>8,035,343</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	5,345,821	15,897	5,361,718
Instructional support services	295,173	29,876	325,049
Instructional media	74,035	-	74,035
Instruction and curriculum development	101,738	37,286	139,024
Instructional staff training	48,957	28,616	77,573
Instruction-related technology	293	-	293
Board	30,972	-	30,972
General administration	99,353	-	99,353
School administration	676,605	-	676,605
Food services	-	355,741	355,741
Facilities acquisition and construction	884,434	-	884,434
Central services	1,650	-	1,650
Pupil transportation services	111,223	-	111,223
Operation of plant	451,433	-	451,433
Community services	1,764	-	1,764
Other capital outlay	107,604	-	107,604
Total expenditures	<u>8,231,055</u>	<u>467,416</u>	<u>8,698,471</u>
Net changes in fund balances	(672,529)	9,401	(663,128)
Fund balances at beginning of year	5,459,610	-	5,459,610
Fund balances at end of year	<u>\$ 4,787,081</u>	<u>\$ 9,401</u>	<u>\$ 4,796,482</u>

The accompanying notes to financial statements are an integral part of this statement.



**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2019**

<b>Net changes in fund balances - total governmental funds</b>	<b>\$ (663,128)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$992,038) exceed depreciation expense (\$148,565) in the current period.	843,473
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Compensated absences included 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.	(17,606)
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Some revenues or expenses included in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as a net change in fund balances in the governmental funds.

Change in net pension liability, deferred outflows and deferred inflows	(11,620)
Change in other post employment benefits obligation, deferred outflows and deferred inflows	(14,056)

<b>Change in net position of governmental activities</b>	<b>\$ <u>137,063</u></b>
--	--------------------------

The accompanying notes to financial statements are an integral part of this statement.

**ROUND LAKE CHARTER, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

**JUNE 30, 2019**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 82,604</u>
Total assets	<u><u>\$ 82,604</u></u>
<b>LIABILITIES</b>	
Due to others	<u>\$ 82,604</u>
Total liabilities	<u><u>\$ 82,604</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

**1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Round Lake Charter, Inc. (the "School") is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors, which is composed of no less than three and no more than five members. Effective July 1, 2003, the School converted from a traditional public school to a public charter school.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Lake County, Florida (the "School Board"). The current charter is effective until June 30, 2023 and may be renewed by mutual written agreement between the School and the School Board. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter. In this case, the School Board is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the School Board may also terminate the charter if good cause is shown. In the event of termination of the charter, any property purchased by the School with public funds and any unencumbered public funds revert back to the School Board. The School is considered a component unit of the School Board and meets the definition of a governmental entity under the Governmental Accounting Standards Board's ("GASB") accounting guidance; therefore, for financial reporting purposes, the School is required to follow generally accepted accounting principles applicable to state and local governmental units.

Criteria for determining if other entities are potential component units of the School which should be reported with the School's basic financial statements are identified and described in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The application of these criteria provides for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

**Basis of Presentation**

The School's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB. Accordingly, both government-wide and fund financial statements are presented.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The government-wide financial statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, but excludes fiduciary funds. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide financial statements of the School are generally divided into three categories:

- Governmental Activities – most of the School's basic services are included here, such as instruction and school administration. Funds received through the Florida Education Finance Program ("FEFP") and state and federal grants finance most of these activities.
- Business-type Activities – in certain instances, the School may charge fees to help it cover the costs of certain services it provides. The School currently has no business-type activities.
- Component Units – there currently are no component units included within the reporting entity of the School.

The fund financial statements provide more detailed information about the School's most significant funds, not the School as a whole. A fund is an accounting entity having a self-balancing set of accounts for recording assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and other financing sources and uses. Resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The funds in the financial statements of this report are as follows:

Governmental Funds:

- General Fund – to account for all financial resources not required to be accounted for in another fund.
- Special Revenue Fund – to account for the proceeds of specific revenue sources and federal grants that are restricted by law or administrative action to expenditure for specific purposes.

For purposes of these statements, the general and special revenue funds are considered major funds. There are no other governmental funds.

Fiduciary Fund:

- Agency Fund – to account for school internal funds, which are established to record the receipts and disbursements of various school activities administered for the general welfare of the students and completion of certain planned objectives and special programs of school groups. The School retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide and fiduciary fund financial statements are presented using the accrual basis of accounting and an economic resources focus. Under the accrual basis of accounting, revenues and expenses are recognized when they occur.

The modified accrual basis of accounting and current financial resources focus is followed by the governmental fund types. Under the modified accrual basis, revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred. The principal exceptions to this general rule are: (1) interest on general long-term debt is recognized when due and (2) expenditures related to liabilities reported as general long-term debt are recognized when due.

**Budgetary Basis Accounting**

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the fund level.

**Cash and Cash Equivalents**

Investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents. Cash deposits are held by banks qualified as public depositories under Florida law. All deposits are insured by federal depository insurance and/or collateralized with securities held in Florida's multiple financial institution collateral pool under Chapter 280, Florida Statutes. The School's cash consists primarily of demand deposits with financial institutions.

**Receivables**

Receivables consist of amounts due from government agencies for various programs. Allowances are reported when management estimates that accounts may be uncollectible.

**Investments**

All of the School's investments consist of government-sponsored enterprise ("GSE") bonds. Investments are reported at their estimated fair value based on quoted market prices. As of June 30, 2019, the School had a total of \$800,045 invested in GSE bonds at risk of potential losses. The School has not historically experienced losses on its investments.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Capital Assets and Depreciation**

Expenditures for capital assets acquired for general School purposes are reported in the governmental fund that financed the acquisition. Purchased capital assets are reported at cost, net of accumulated depreciation, in the government-wide financial statements. Donated assets are recorded at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

	<u>Years</u>
Improvements other than buildings	15
Buildings and fixed equipment	7 - 25
Furniture, fixtures and equipment	3 - 5
Motor vehicles	10

Information relative to changes in capital assets is described in Note 3.

**Compensated Absences**

Compensated absences (i.e. paid absences for employee vacation leave and sick leave) are recorded as expenditures in governmental funds when leave is used or when accrued as payable to employees entitled to cash payment in lieu of taking leave. In the government-wide financial statements, compensated absences are recorded as an expense when earned by the employees. The liability for compensated absences is classified as a long-term liability that is due within one year as the amount of vacation and sick time to be used after the following year cannot be reasonably estimated. Information relative to changes in long-term liabilities is described in Note 6.

**Fund Balance Spending Policy**

The School's adopted spending policy is to spend from restricted fund balance first, followed by committed, assigned, then the unassigned fund balance. Most funds were designated for one purpose at the time of their creation. Therefore, expenditures made out of the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. If expenditures are incurred that meet the purpose of more than one fund, they will be allocated to restricted fund balance first and then follow the order above. Funds can only be committed by formal action of the Board of Directors. The Board of Directors has delegated authority to assign funds to the governing body or by an official to which the governing body delegates the authority. Under the School's charter, the School is required to develop a fund balance reserve of \$30,000 for terminal employee benefits. The School is also required to maintain a minimum fund balance within the general fund at the percentage of the total annual operating fund revenues from the general fund that is equal to the percentage defined by the School Board's policies for the school district. The School is in compliance with these requirements as of June 30, 2019.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Revenue Sources**

Revenues for current operations are received primarily from the School Board pursuant to the funding provisions included in the School's charter. As such, the School's revenue stream is largely dependent upon the general state of the economy and the amounts allotted to the Florida Department of Education ("FDOE") by the state legislature. In accordance with the funding provisions of the charter and Section 1002.33(18), Florida Statutes, the School reports the number of full-time equivalent students and related data to the School Board.

Under the provisions of Section 1011.62, Florida Statutes, the School Board reports the number of full-time equivalent students and related data to the FDOE for funding through the FEFP. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the FEFP and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School Board receives a 2% administrative fee from the School, which is reflected as a general administration expense/expenditure in the accompanying financial statements.

The School receives federal awards for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred.

**Income Taxes**

The School is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

The School has adopted guidance related to accounting for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. This guidance is applicable to not-for-profit organizations that may be conducting unrelated business activities, which are potentially subject to income taxes, including state income taxes.

The School assesses its income tax positions, including its continuing tax status as a not-for-profit entity, and recognizes tax benefits only to the extent that the School believes it is "more likely than not" that its tax positions will be sustained upon an examination by the Internal Revenue Service ("IRS") or the applicable state taxing authority. Accordingly, there is no provision for federal income taxes in the School's financial statements, as the School believes all tax positions, including its continuing status as a not-for-profit entity, have a greater than 50% chance of realization in the event of an IRS audit. State income taxes, which may be due in certain jurisdictions, have been assessed following the same "more likely than not" measurement threshold.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**Use of Estimates**

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the statement of net position and the balance sheet – governmental funds and affect revenues and expenses/expenditures for the period presented. Actual results could differ significantly from those estimates.

**Subsequent Events**

The School has evaluated subsequent events through February 3, 2020, the date these financial statements were available to be issued.

**Recently Issued Accounting Pronouncement**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The new standard is effective for the fiscal year ending June 30, 2020. The cumulative effect of any changes adopted to conform to the provisions of this guidance would be reported as a restatement of beginning net position and fund balance. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this guidance, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, thereby enhancing the relevance and consistency of information about a school's leasing activities. The new standard is effective for the fiscal year ending June 30, 2021. The cumulative effect of any changes adopted to conform to the provisions of this guidance would be reported as a restatement of beginning net position and fund balance. The School is currently evaluating the effect that implementation of the new standard will have on its financial statements.

**2 INVESTMENTS**

The School's investment policy is to follow the strict guidelines of the Florida Statutes. In addition, the School's investment policy limits investments to items not exceeding five years maturity unless the investments may be sold or redeemed for cash upon demand.



**ROUND LAKE CHARTER, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

As of June 30, 2019, the School had the following investments:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities</b>		
		<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Government-sponsored enterprises	\$ 800,045	\$ 194,037	\$ 606,008	\$ -

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the School's investment policy strictly adheres to Section 218.415 of the Florida Statutes for surplus public funds. Furthermore, the School limits its investments to individual securities held to maturity rather than alternatives such as mutual funds that can lose principal.

**Credit Risk**

Florida Statutes limit investments of surplus public funds to investments in U.S. Agencies. As of June 30, 2019, all of the School's investments were in U.S. Agencies and in compliance with the School's policies for surplus public funds.

**Concentration of Credit Risk**

The School's investment policy does not limit the amount the School may invest in any one issuer. More than 5 percent of the School's investments are in bonds from the following issuers:

<b>Issuer</b>	<b>Amount</b>	<b>Percent of Total</b>
Federal Home Loan Bank	\$ 327,923	41%
Federal National Mortgage Association	208,941	26%
Freddie Mac Medium Term Note	172,512	22%
Federal Farm Credit Bank	90,669	11%

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**3 CHANGES IN CAPITAL ASSETS**

Capital asset activity during fiscal 2019 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 2,463,518	\$ 884,434	\$ (3,089,046)	\$ 258,906
Total capital assets not being depreciated	2,463,518	884,434	(3,089,046)	258,906
Capital assets being depreciated:				
Improvements other than buildings	153,124	-	-	153,124
Buildings and fixed equipment	148,393	3,089,046	-	3,237,439
Furniture, fixtures and equipment	106,925	-	-	106,925
Motor vehicles	102,443	107,604	-	210,047
Total capital assets being depreciated	510,885	3,196,650	-	3,707,535
Less accumulated depreciation for:				
Improvements other than buildings	(72,689)	(9,261)	-	(81,950)
Buildings and fixed equipment	(119,087)	(113,958)	-	(233,045)
Furniture, fixtures and equipment	(96,307)	(10,618)	-	(106,925)
Motor vehicles	-	(14,728)	-	(14,728)
Total accumulated depreciation	(288,083)	(148,565)	-	(436,648)
Capital assets being depreciated, net	222,802	3,048,085	-	3,270,887
Governmental activities capital assets, net	<u>\$ 2,686,320</u>	<u>\$ 3,932,519</u>	<u>\$ (3,089,046)</u>	<u>\$ 3,529,793</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 133,087
School administration	14,107
Operation of plant	1,371
Total governmental activities depreciation expense	<u>\$ 148,565</u>

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**4 DUE TO THE SCHOOL BOARD**

The amount due to the School Board as of June 30, 2019 of \$1,704,756 is comprised of \$1,602,702 in payroll expenses/expenditures paid by the School Board on behalf of the School as well as \$102,054 in other expenses/expenditures.

**5 COMMITMENTS AND CONTINGENT LIABILITIES**

**Grants**

The School participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable as of June 30, 2019 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**Legal Matters**

In the normal course of conducting its operations, the School occasionally becomes party to various legal actions and proceedings. In the opinion of management, the ultimate resolution of such legal matters will not have a significant adverse effect on the accompanying financial statements.

**Risk Management Program**

Workers' compensation coverage, health and hospitalization, general liability, professional liability and property coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not historically exceeded commercial coverage.

**ROUND LAKE CHARTER, INC.  
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THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**6 LONG-TERM LIABILITIES**

Long-term liabilities activity during fiscal year 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 335,141	\$ 17,606	\$ -	\$ 352,747	\$ 352,747
Net pension liability	4,099,333	-	(400,595)	3,698,738	-
Other postemployment benefits obligation	<u>453,713</u>	<u>10,922</u>	<u>-</u>	<u>464,635</u>	<u>-</u>
Governmental activities, long-term liabilities	<u>\$ 4,888,187</u>	<u>\$ 28,528</u>	<u>\$ (400,595)</u>	<u>\$ 4,516,120</u>	<u>\$ 352,747</u>

**7 PENSION PLANS**

**Pension Plan Descriptions**

The Florida Department of Management Services, Division of Retirement (“Division”), is part of the primary government of the State of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems (“System”). The School participates in two defined benefit plans administered by the Division. The Division issued a publicly-available, audited comprehensive annual financial report (“CAFR”) on behalf of the System that includes financial statements, notes and required supplementary information for each of the pension plans. Detailed information about the plans is provided in the CAFR which is available online or by contacting the Division.

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 Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (“HIS”) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements

**ROUND LAKE CHARTER, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

and benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year ended June 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Employee contributions required pursuant to section 121.71(3), Florida Statutes, are accounted for by the FRS as employer-paid employee contributions and are treated as employer contributions under 26 U.S.C. s. 414(h)(2) allowing these contributions to be deducted on a pre-tax basis. Pension expense reported by the School is reduced by these amounts.

Total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes. Employer contributions reflected in the financial statements represent contributions specific to each defined benefit plan and do not equal total blended contributions remitted by the employer. Contribution rates were as follows:

<u>Class or Plan</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (A)</u>
Florida Retirement System, Regular	3%	8.26%
Florida Retirement System, Reemployed Retiree	(B)	(B)

- (A) Employer rates include 1.66% for the Retiree Health Insurance Subsidy and 0.06% for administration of the Florida Retirement System Investment Plan and provision of educational tools for both plans, and any applicable unfunded actuarial liability rates.
- (B) Contribution rates are dependent upon the retirement class in which reemployed.

**Information about the Employer’s Proportionate Share of the Collective Net Pension Liability**

Assumptions and Other Inputs

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The Division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan’s GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that 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.

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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.00%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

The following changes in actuarial assumptions occurred in 2018:

- FRS: The long-term expected rate of return was decreased from 7.10% to 7.00%, and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was increased from 3.58% to 3.87%.

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the collective net pension liability if the discount rate was 1% lower or 1% higher than the current discount rate as of June 30, 2018:

<b>School's Proportionate Share of FRS Net Pension Liability</b>			<b>School's Proportionate Share of HIS Net Pension Liability</b>		
<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
6.00%	7.00%	8.00%	2.87%	3.87%	4.87%
\$ 4,501,253	\$ 2,466,383	\$ 776,304	\$ 1,403,580	\$ 1,232,355	\$ 1,089,629

**ROUND LAKE CHARTER, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The Pension Plans' Fiduciary Net Positions

Detailed information about the pension plans' fiduciary net positions are available in the System's separately issued CAFR. The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2018, are shown below (in thousands):

	<b>FRS</b>	<b>HIS</b>
Total pension liability	\$ 191,317,399	\$ 10,816,576
Plan fiduciary net position	(161,196,881)	(232,463)
Net pension liability	\$ 30,120,518	\$ 10,584,113
 Plan fiduciary net position as a percentage of the total pension liability	84.26%	2.15%

The total pension liability for the FRS Pension Plan was determined by the plan's actuary and reported in the plan's GASB 67 valuation dated June 30, 2018. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Update procedures were not used.

The total pension liability for the HIS Program was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2018. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Update procedures were not used.

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

As of June 30, 2019, the School reported a liability of \$3,698,738 for its proportionate share of the net pension liabilities. The School's proportionate share was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2013, through June 30, 2018, for employers that were members of the FRS and HIS during those fiscal years. The proportion calculated based on contributions for each of the fiscal years was applied to the net pension liability and other pension amounts applicable to that fiscal year to determine the School's proportionate share of the liability, deferred outflows of resources, deferred inflows of resources and associated pension expense.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

The School's proportions are as follows:

	<b>FRS</b>	<b>HIS</b>
June 30, 2018	0.0082%	0.0116%
June 30, 2017	0.0091%	0.0131%
Change	-0.0009%	-0.0015%

In accordance with GASB 68, paragraphs 54 and 71, changes in the School's proportionate share of the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes in proportion and differences between contributions and proportionate share of contributions – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Differences between expected and actual earnings on pension plan investments – amortized over five years.

Employer contributions to the pension plans from the School are not included in collective pension expense; however, employee contributions are used to reduce pension expense. The average expected remaining service life of all employees provided with pensions through the pension plans as of June 30, 2018, was 6.4 years for FRS and 7.2 years for HIS.



**ROUND LAKE CHARTER, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

For the year ended June 30, 2019, the School recognized pension expense of \$367,487. As of June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 227,807	\$ 9,678
Changes of assumptions	942,947	130,295
Net differences between projected and actual earnings on pension plan investments	744	190,558
Changes in proportion and differences between School contributions and proportionate share of contributions	49,984	120,281
School contributions subsequent to the measurement date	<u>310,241</u>	<u>-</u>
Total	<u>\$ 1,531,723</u>	<u>\$ 450,812</u>

Deferred outflows of resources related to the School's contributions paid subsequent to the measurement date and prior to the School's fiscal year end will be recognized as a reduction of the net pension liability in the subsequent reporting period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

<u>Reporting Period Ended June 30:</u>	<u>Amount</u>
2020	\$ 302,684
2021	209,455
2022	34,345
2023	134,811
2024	80,231
Thereafter	9,144

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the OPEB Plan**

Plan Description

The Postemployment Health Care Plan is a single-employer defined benefit plan administered by the School Board for which employees of the School may participate. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the School or School Board are eligible to participate in the School Board's self-insured health and hospitalization plan for medical and prescription drug coverages. The School Board subsidizes the premium rates paid by retirees by allowing them to participate in the plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The Postemployment Health Care Plan does not issue a stand-alone report and is not included in the report of a Public Employee Retirement System or another entity. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Employees Covered by Benefit Terms

As of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	92
Total	<hr style="border: 0.5px solid black;"/> <hr style="border: 0.5px solid black;"/> 93

**Total OPEB Liability**

The School's total OPEB liability of \$464,635 was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	Salary increase rates used in the July 1, 2016 actuarial valuation of the Florida Retirement System; 3.7% - 7.8%, including inflation.
Discount rate	3.62%

**ROUND LAKE CHARTER, INC.  
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**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Healthcare cost trend rates	7.0% and gradually decreasing to an ultimate rate of 4.24% plus 0.55% increase for excise taxes
Retirement age	Retirement rates used in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.
Mortality	Mortality tables used in the July 1, 2016 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2008 through 2013.

The discount rate was based on the municipal bond rate of 3.56% (based on the daily rate of Fidelity's "20-Year Municipal GO AA Index" closest to but not later than the measurement date).

The actuarial assumptions used in the June 30, 2017 valuation were the same as those employed in the July 1, 2016 actuarial valuation of the FRS Pension Plan. These demographic assumptions were developed by FRS from an actuarial experience study, and therefore are appropriate for use in the OPEB actuarial valuation. These include assumed rates of future termination, mortality, disability and retirement. In addition, salary increase assumptions (for development of the pattern of the normal cost increases) were the same as those used in the July 1, 2016 actuarial valuation of FRS Pension Plan.

**Changes in the Total OPEB Liability**

The following table shows the School's annual allocated OPEB cost for the year, the amount actually contributed to the plan and changes in the School's net OPEB obligation:

	<u>Amounts</u>
Balance at June 30, 2018	\$ 453,713
Service cost	21,714
Interest	16,484
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(2,483)
Benefit payments	<u>(24,793)</u>
Net changes	<u>10,922</u>
Balance at June 30, 2019	<u>\$ 464,635</u>

Changes in assumptions or other inputs include the change in the discount rate from 3.56% as of the beginning of the measurement period to 3.62% as of June 30, 2018.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as of June 30, 2018:

<b>School's Proportionate Share of OPEB Liability</b>		
<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
2.62%	3.62%	4.62%
\$ 510,466	\$ 464,635	\$ 423,916

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates as of June 30, 2018:

<b>School's Proportionate Share of Healthcare Cost Trend Rates</b>		
<b>1% Decrease</b>	<b>Current Rates</b>	<b>1% Increase</b>
(6.0% down to 3.79%)	(7.0% down to 4.79%)	(8.0% down to 5.79%)
\$ 411,133	\$ 464,635	\$ 529,206

**OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

Deferred outflows of resources related to the School's benefits paid subsequent to the measurement date and prior to the School's fiscal year end will be recognized as a reduction of the other postemployment benefits obligation in the reporting period ending June 30, 2020.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Reporting Period Ended June 30:</b>	<b>Amount</b>
2020	\$ (2,780)
2021	(2,780)
2022	(2,780)
2023	(2,780)
2024	(2,780)
Thereafter	(11,067)

**9 RESTRICTED NET POSITION AND FUND BALANCE**

Restricted net position and fund balance represents amounts that have been collected or received by the School for specific purposes and are restricted as to the use of such funds. Included in restricted net position and fund balance is \$30,000 held for terminal leave reserve and \$9,401 held for the food service program.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS  
(continued)**

**10 SCHEDULE OF STATE AND LOCAL REVENUE SOURCES**

The following is a schedule of state and local revenue sources and amounts:

District School Board of Lake County, Florida:	
Florida Education Finance Program	\$ 4,510,352
Class size reduction	1,236,818
Discretionary local effort	387,068
Supplemental academic instruction	238,869
Discretionary millage funds	143,935
ESE guaranteed allocation	131,099
Transportation	102,953
School recognition	98,255
State pre-kindergarten program	94,753
Instructional materials	81,953
Funds compression allocation	68,067
Best and brightest	67,115
Safe schools	55,191
Reading allocation	44,782
Digital classroom allocation	24,801
Teacher lead	22,338
Discretionary lottery funds	<u>3,417</u>
Total	<u>\$ 7,311,766</u>

The administration fee paid to the School Board during the year ended June 30, 2019 totaled approximately \$34,000, which is included in general administration expense/expenditure in the accompanying financial statements.

**11 CAMPUS FACILITY**

Title to the school building and facilities and other capital assets acquired prior to July 1, 2003 remains with the School Board. Florida Statutes provide that the use of the school building and facilities be furnished to charter schools on the same basis as made available to other public schools in the district. No rental or leasing fee may be charged by the School Board to the charter school or to the parents and teachers who organize the charter school. In management's opinion, the value of facilities utilized by the School is significant; therefore, any substantial changes in Florida Statutes related to facilities use by conversion schools could have a material effect on the School's operations.

**ROUND LAKE CHARTER, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Final Budget-</u>
			<u>Basis)</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>REVENUES</b>				
State and local sources	\$ 7,137,711	\$ 7,332,102	\$ 7,311,766	\$ (20,336)
Contributions and other revenue	153,000	224,150	246,760	22,610
Total revenues	<u>7,290,711</u>	<u>7,556,252</u>	<u>7,558,526</u>	<u>2,274</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	5,198,095	5,371,000	5,345,821	25,179
Instructional support services	302,435	300,044	295,173	4,871
Instructional media	79,861	77,937	74,035	3,902
Instruction and curriculum development	97,500	103,143	101,738	1,405
Instructional staff training	81,826	53,147	48,957	4,190
Instruction-related technology	5,100	503	293	210
Board	40,000	33,500	30,972	2,528
General administration	155,000	100,000	99,353	647
School administration	655,266	685,076	676,605	8,471
Facilities acquisition and construction	600,000	885,000	884,434	566
Central Services	1,400	2,000	1,650	350
Pupil transportation services	123,000	113,700	111,223	2,477
Operation of plant	533,010	464,801	451,433	13,368
Community services	-	1,764	1,764	-
Other capital outlay	-	108,000	107,604	396
Total expenditures	<u>7,872,493</u>	<u>8,299,615</u>	<u>8,231,055</u>	<u>68,560</u>
Net change in fund balance	(581,782)	(743,363)	(672,529)	70,834
Fund balance at beginning of year	<u>5,459,610</u>	<u>5,459,610</u>	<u>5,459,610</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,877,828</u>	<u>\$ 4,716,247</u>	<u>\$ 4,787,081</u>	<u>\$ 70,834</u>

See independent auditor's report.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND**

**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal through state	\$ 343,000	\$ 215,000	\$ 214,648	\$ (352)
Federal sources passed through local school district	118,688	118,688	111,675	(7,013)
Contributions and other revenue	-	150,000	150,494	494
Total revenues	<u>461,688</u>	<u>483,688</u>	<u>476,817</u>	<u>(6,871)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	23,818	23,818	15,897	7,921
Instructional support services	29,262	29,262	29,876	(614)
Instruction and curriculum development	36,930	36,930	37,286	(356)
Instructional staff training	28,678	28,678	28,616	62
Food services	333,200	356,600	355,741	859
Total expenditures	<u>451,888</u>	<u>475,288</u>	<u>467,416</u>	<u>7,872</u>
Net change in fund balance	9,800	8,400	9,401	1,001
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 9,800</u>	<u>\$ 8,400</u>	<u>\$ 9,401</u>	<u>\$ 1,001</u>

See independent auditor's report.



**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
LAST 10 FISCAL YEARS ENDING JUNE 30**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Florida Retirement System (FRS) Pension Plan</b>										
School's proportion of the net pension liability (asset)	0.0082%	0.0091%	0.0097%	0.0088%	0.0088%	Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.				
School's proportionate share of the net pension liability (asset)	\$ 2,466,383	\$ 2,703,670	\$ 2,459,662	\$ 1,137,218	\$ 538,856					
School's covered-employee payroll	\$ 3,185,215	\$ 4,011,249	\$ 3,283,488	\$ 3,187,761	\$ 3,182,066					
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	77%	67%	75%	36%	17%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	84%	84%	85%	92%	96%					
<b>Retiree Health Insurance Subsidy (HIS) Program</b>										
School's proportion of the net pension liability (asset)	0.0116%	0.0131%	0.0140%	0.0117%	0.0116%	Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.				
School's proportionate share of the net pension liability (asset)	\$ 1,232,355	\$ 1,395,663	\$ 1,627,166	\$ 1,193,091	\$ 1,087,475					
School's covered-employee payroll	\$ 3,185,215	\$ 4,011,249	\$ 3,283,488	\$ 3,187,761	\$ 3,182,066					
School's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	39%	35%	50%	37%	34%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	2%	2%	1%	1%	1%					

See independent auditor's report.

**ROUND LAKE CHARTER, INC.**  
**A CHARTER SCHOOL AND COMPONENT UNIT OF**  
**THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS**  
**LAST 10 FISCAL YEARS ENDING JUNE 30**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Florida Retirement System (FRS) Pension Plan										
Contractually required contribution	\$ 246,536	\$ 251,039	\$ 257,029	\$ 201,087	\$ 214,661	\$ 193,449				
Contributions in relation to the contractually required contribution	246,536	251,039	257,029	201,087	214,661	193,449				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
School's covered-employee payroll	\$ 3,204,402	\$ 3,185,215	\$ 4,011,249	\$ 3,283,488	\$ 3,187,761	\$ 3,182,066				
Contributions as a percentage of covered-employee payroll	8%	8%	6%	6%	7%	6%				
Retiree Health Insurance Subsidy (HIS) Program										
Contractually required contribution	\$ 63,705	\$ 67,925	\$ 74,619	\$ 45,114	\$ 44,720	\$ 39,842				
Contributions in relation to the contractually required contribution	63,705	67,925	74,619	45,114	44,720	39,842				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
School's covered-employee payroll	\$ 3,938,536	\$ 3,185,215	\$ 4,011,249	\$ 3,283,488	\$ 3,187,761	\$ 3,182,066				
Contributions as a percentage of covered-employee payroll	2%	2%	2%	1%	1%	1%				

Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.

Information for the periods prior to the implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.

See independent auditor's report.

**ROUND LAKE CHARTER, INC.  
A CHARTER SCHOOL AND COMPONENT UNIT OF  
THE DISTRICT SCHOOL BOARD OF LAKE COUNTY, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE SCHOOL'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST 10 FISCAL YEARS ENDING JUNE 30**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total OPEB Liability											
Service cost	\$ 21,714	\$ 52,718									
Interest	16,484	14,122									
Changes in benefit terms	-	-									
Differences between expected and actual experience	-	-									
Changes in assumptions or other inputs	(2,483)	(28,043)									
Benefit payments	<u>(24,793)</u>	<u>(31,975)</u>									
Net change in total OPEB liability	10,922	6,822									
Total OPEB liability - beginning	<u>453,713</u>	<u>446,891</u>									
Total OPEB liability - ending	<u>\$ 464,635</u>	<u>\$ 453,713</u>									
School's covered-employee payroll	\$ 3,519,686	\$ 3,428,523									
Total OPEB liability as a percentage of covered-employee payroll	13%	13%									

Information for the periods prior to the implementation of GASB 75 is unavailable and will be completed for each year going forward as it becomes available.

See independent auditor's report.

**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 Round Lake Charter, Inc., a Charter School  
and Component Unit of the District School Board of Lake County, Florida

We have audited, in accordance with the 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 Round Lake Charter, Inc. (the “School”), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated February 3, 2020.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (“internal control”) to determine the 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 the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

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

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



## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the School'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 determination of financial statement amounts. 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.

*BKHM, P.A.*

Winter Park, Florida  
February 3, 2020

**ADDITIONAL INFORMATION REQUIRED BY  
RULES OF THE AUDITOR GENERAL,  
CHAPTER 10.850**

To the Board of Directors of Round Lake Charter, Inc., a Charter School  
and Component Unit of the District School Board of Lake County, Florida

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Round Lake Charter, Inc. (the "School"), a charter school and component unit of the District School Board of Lake County, Florida, as of and for the year ended June 30, 2019, and have issued our report thereon dated February 3, 2020.

## **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 February 3, 2020, 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 in the preceding annual financial audit report.

## **OFFICIAL TITLE**

Section 10.854(1)(e)5., Rules of the Auditor General, requires 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 Round Lake Charter, Inc., and the school code assigned by the Florida Department of Education is 0149.

## **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 the School 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 the School 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 the School. It is management's responsibility to monitor the School'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 same. The financial condition assessment was done as of the fiscal year-end.

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 the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School 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 us to communicate noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **PURPOSE OF THIS LETTER**

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



Winter Park, Florida  
February 3, 2020