

**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, 2021



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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, 2021. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The School's net position decreased compared to the prior year.
- For 2021, the School's expenses exceeded revenues by \$769,013, which is an increase from the prior year when expenses exceeded revenues by \$208,086.
- Overall, revenues increased by approximately \$371,000, which was a 4% increase from the prior year.
- Overall, expenses increased by approximately \$932,000, which was an 10% increase from the prior year.
- Total assets and deferred outflows were \$13,400,919 and liabilities and deferred inflows were \$9,407,956, resulting in net position of \$3,992,963 as of June 30, 2021.

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 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 following information required by the Uniform Guidance: schedule of expenditures of federal awards and accompanying note, independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance and the schedule of findings and questioned costs. In addition, it 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.

	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire School	The activities of the School that are not proprietary or fiduciary
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
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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
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

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. 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 one type of fund:

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)

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position as of June 30, 2021 and 2020 is summarized as follows - see table below.

	Governmental Activities		Increase (Decrease)
	2021	(as restated) 2020	
Current and other assets	\$ 6,776,499	\$ 5,776,831	17%
Capital assets, net	4,605,374	4,579,467	1%
Deferred outflows of resources	2,019,046	1,599,061	26%
Total assets and deferred outflows	<u>13,400,919</u>	<u>11,955,359</u>	<u>12%</u>
Current and other liabilities	2,211,121	1,375,475	61%
Long-term liabilities	6,836,848	5,235,141	31%
Deferred inflows of resources	359,987	582,767	-38%
Total liabilities and deferred inflows	<u>9,407,956</u>	<u>7,193,383</u>	<u>31%</u>
Net position:			
Net investment in capital assets	4,605,374	4,579,467	1%
Restricted for health and safety expenditures	274,391	129,723	112%
Restricted for food service	76,624	17,745	332%
Restricted for terminal employee benefits	30,000	30,000	0%
Restricted for student activities	86,661	92,100	-6%
Unrestricted	<u>(1,080,087)</u>	<u>(87,059)</u>	<u>-1141%</u>
Total net position	<u>\$ 3,992,963</u>	<u>\$ 4,761,976</u>	<u>-16%</u>

Current and other liabilities increased due to an increase in amounts due to the Lake County School Board for payroll and related costs paid on the School's behalf during fiscal year 2021, 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 2021. The change in net position restricted for health and safety expenditures is due to an increase in the unspent additional millage allocation funds. The change in net position restricted for food service is the result of current year food service operations. The change in current and other assets and 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 4% to \$9,623,947, and the total cost of all programs and services increased by 10% to \$10,392,960 - see table below:

	Governmental Activities		Increase (Decrease)
	2021	(as restated) 2020	
Revenues:			
Federal sources	\$ 803,854	\$ 250,430	221%
State and local sources	8,438,241	8,510,026	-1%
Contributions and other revenue	381,852	492,617	-22%
Total revenues	<u>9,623,947</u>	<u>9,253,073</u>	<u>4%</u>
Expenses:			
Instruction and instruction-related services	7,904,129	7,473,173	6%
Board	37,857	31,206	21%
General administration	113,656	111,673	2%
School administration	852,798	788,440	8%
Food services	406,854	266,112	53%
Pupil transportation services	179,463	151,635	18%
Operation of plant	772,618	498,068	55%
Community services	125,585	140,852	-11%
Total expenses	<u>10,392,960</u>	<u>9,461,159</u>	<u>10%</u>
Change in net position	<u>\$ (769,013)</u>	<u>\$ (208,086)</u>	<u>270%</u>

Revenues from federal sources changed due to the School receiving funding in the current year to help pay costs associated with the coronavirus pandemic and increases in food service funding as more students were served. Contributions and other revenue decreased due to decreases in student activities due to the coronavirus pandemic.

Food services expenses increased due to an increase in the number of meals purchased and served. Student meal costs were fully funded by grant dollars during the pandemic period, and more students participated as a result. Operation of plant increased due to an increase in staffing and cleaning costs associated with the coronavirus pandemic.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a fund balance of \$4,565,378. 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 changes in student enrollment and resulting decreases in appropriations.

For 2021, actual general fund revenues were approximately \$65,000 above the final budgeted amounts, which represents a 1% budget variance. Actual general fund expenditures were approximately \$105,000 below the final budgeted amounts, which represents a 1% budget variance.

Special Revenue Fund Budgetary Highlights

For 2021, actual special revenue fund revenues were approximately \$125,000 above the final budgeted amounts, which represents a 15% budget variance. Actual special revenue fund expenditures were approximately \$127,000 above the final budgeted amounts, which represents a 16% budget variance. These variances are primarily due to internal account activity not being budgeted.

CAPITAL ASSET ADMINISTRATION

The School's investment in capital assets at the end of fiscal 2021 amounts to \$4,605,374 (net of accumulated depreciation). See table below:

	<u>Governmental Activities</u>		<u>Increase (Decrease)</u>
	<u>2021</u>	<u>2020</u>	
Construction in progress	\$ -	\$ 1,441,920	-100%
Improvements other than buildings	208,930	153,124	36%
Buildings and fixed equipment	4,767,686	3,237,439	47%
Furniture, fixtures and equipment	266,597	137,429	94%
Motor vehicles	210,047	210,047	0%
Less accumulated depreciation	<u>(847,886)</u>	<u>(600,492)</u>	-41%
Total capital assets, net	<u>\$ 4,605,374</u>	<u>\$ 4,579,467</u>	<u>1%</u>

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

- Gym construction - \$144,133
- Laptops - \$129,168

More detailed information about the School's capital assets is presented in Note 5 to the financial statements.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic indicators were taken into account when adopting the general fund budget for fiscal year 2022:

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

Amounts available for appropriation in the general fund are approximately \$8,574,000, a decrease of 1% from the final 2021 actual amount of \$8,656,642.

Budgeted expenditures are expected to be approximately \$9,180,000, an increase of 7% from the final 2021 actual amount of \$8,546,060. The School had added no major new programs to the fiscal 2022 budget.

If these estimates are realized, the School's general fund balance is expected to decrease by the close of fiscal 2022.

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 and each major fund 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, 2021, 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 and each major fund of Round Lake Charter, Inc. as of June 30, 2021, 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 38 – 39, the pension information on pages 40 – 41 and the other postemployment benefit information on page 42 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2021 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.

BKHM, P.A.

Winter Park, Florida
December 6, 2021

**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, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,221,899
Investments	307,569
Accounts receivable	242,921
Other current assets	4,110
Capital assets, net	4,605,374
Total assets	11,381,873
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	2,019,046
Total assets and deferred outflows of resources	\$ 13,400,919
LIABILITIES	
Accounts payable and accrued expenses	\$ 176,310
Due to the District School Board of Lake County, Florida	2,034,811
Long-term liabilities:	
Due within one year	408,200
Due in more than one year	6,428,648
Total liabilities	9,047,969
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	359,987
NET POSITION	
Net investment in capital assets	4,605,374
Restricted for:	
Health and safety expenditures	274,391
Food service	76,624
Terminal employee benefits	30,000
Student activities	86,661
Unrestricted	(1,080,087)
Total net position	3,992,963
Total liabilities, deferred inflows of resources and net position	\$ 13,400,919

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, 2021

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</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	\$ 7,223,882	\$ 155,134	\$ 49,350	\$ -	\$ (7,019,398)	\$ (7,019,398)
Instructional support services	340,772	-	30,794	-	(309,978)	(309,978)
Instructional media	77,589	-	-	-	(77,589)	(77,589)
Instruction and curriculum development	145,946	-	39,062	-	(106,884)	(106,884)
Instructional staff training	115,940	-	39,519	-	(76,421)	(76,421)
Board	37,857	-	-	-	(37,857)	(37,857)
General administration	113,656	-	-	-	(113,656)	(113,656)
School administration	852,798	-	-	-	(852,798)	(852,798)
Food services	406,854	43,305	422,428	-	58,879	58,879
Pupil transportation services	179,463	-	-	-	(179,463)	(179,463)
Operation of plant	772,618	-	93,533	-	(679,085)	(679,085)
Community services	125,585	-	-	-	(125,585)	(125,585)
Total primary government	<u>\$ 10,392,960</u>	<u>\$ 198,439</u>	<u>\$ 674,686</u>	<u>\$ -</u>	<u>(9,519,835)</u>	<u>(9,519,835)</u>
General revenues:						
Federal sources passed through local school district					129,168	129,168
State and local sources					8,438,241	8,438,241
Contributions and other revenue					183,413	183,413
Total general revenues					<u>8,750,822</u>	<u>8,750,822</u>
Change in net position					(769,013)	(769,013)
Net position at beginning of year, as restated					4,761,976	4,761,976
Net position at end of year					<u>\$ 3,992,963</u>	<u>\$ 3,992,963</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, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,058,614	\$ 163,285	\$ 6,221,899
Investments	307,569	-	307,569
Accounts receivable	10,925	231,996	242,921
Due from special revenue fund	231,996	-	231,996
Other current assets	4,110	-	4,110
	\$ 6,613,214	\$ 395,281	\$ 7,008,495
 LIABILITIES			
Accounts payable and accrued expenditures	\$ 176,310	\$ -	\$ 176,310
Due to the District School Board of Lake County, Florida	2,034,811	-	2,034,811
Due to general fund	-	231,996	231,996
	2,211,121	231,996	2,443,117
 FUND BALANCES			
Nonspendable:			
Other current assets	4,110	-	4,110
Restricted for:			
Health and safety expenditures	274,391	-	274,391
Food service	-	76,624	76,624
Terminal employee benefits	30,000	-	30,000
Student activities	-	86,661	86,661
Assigned to:			
Open purchase orders	22,461	-	22,461
Unassigned	4,071,131	-	4,071,131
	4,402,093	163,285	4,565,378
Total fund balances	4,402,093	163,285	4,565,378
Total liabilities and fund balances	\$ 6,613,214	\$ 395,281	\$ 7,008,495

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, 2021

Total fund balances - governmental funds	\$	4,565,378
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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 \$5,453,260 and the accumulated depreciation is \$847,886.		4,605,374
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Compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(408,200)
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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		2,019,046
Net pension liability		(5,966,650)
Other postemployment benefits obligation		(461,998)
Deferred inflows of resources		(359,987)
Total net position - governmental activities	\$	3,992,963

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, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Federal through state	\$ -	\$ 422,428	\$ 422,428
Federal sources passed through local school district	-	381,426	381,426
State and local sources	8,438,241	-	8,438,241
Contributions and other revenue	218,401	163,451	381,852
Total revenues	8,656,642	967,305	9,623,947
EXPENDITURES			
Current:			
Instruction	6,096,889	49,350	6,146,239
Instructional support services	309,978	30,794	340,772
Instructional media	77,589	-	77,589
Instruction and curriculum development	106,884	39,062	145,946
Instructional staff training	76,421	39,519	115,940
Board	37,857	-	37,857
General administration	113,656	-	113,656
School administration	746,620	-	746,620
Facilities acquisition and construction	106,633	-	106,633
Food services	-	406,854	406,854
Pupil transportation services	158,458	-	158,458
Operation of plant	677,575	93,533	771,108
Community services	-	125,585	125,585
Other capital outlay	37,500	129,168	166,668
Total expenditures	8,546,060	913,865	9,459,925
Net changes in fund balances	110,582	53,440	164,022
Fund balances at beginning of year, as restated	4,291,511	109,845	4,401,356
Fund balances at end of year	\$ 4,402,093	\$ 163,285	\$ 4,565,378

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, 2021

Net changes in fund balances - total governmental funds	\$ 164,022
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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 (\$273,301) exceed depreciation expense (\$247,394) in the current period.	25,907
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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.	(39,943)
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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	(910,754)
Change in other post employment benefits obligation, deferred outflows and deferred inflows	(8,245)

Change in net position of governmental activities	\$ (769,013)
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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, 2021

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. 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 and to provide a single source of accountability for all funds received.

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

**ROUND LAKE CHARTER, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
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**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 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 held by qualified public depositories are insured by federal depository insurance and 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.

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, 2021, the School had a total of \$307,569 invested in GSE bonds at risk of potential losses. The School has not historically experienced losses on its investments.

Receivables

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

**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 - 30
Furniture, fixtures and equipment	3 - 5
Motor vehicles	10

Information relative to changes in capital assets is described in Note 5.

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 8.

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, 2021.

**ROUND LAKE CHARTER, INC.
A CHARTER SCHOOL AND COMPONENT UNIT OF
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**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.

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 December 6, 2021, the date these financial statements were available to be issued.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Recently Adopted 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. During 2021, the School adopted this standard using the retrospective approach, which resulted in the School consolidating the previously reported Due to Others fiduciary liability into the School's beginning restricted net position and beginning restricted special revenue fund balance.

Recently Issued Accounting Pronouncement

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, 2022. 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 a five year maturity unless the investments may be sold or redeemed for cash upon demand.

As of June 30, 2021, the School had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Government-sponsored enterprise bonds	\$ 307,569	\$ 215,234	\$ 92,335	\$ -

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.

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

Credit Risk

Florida Statutes limit investments of surplus public funds to investments in U.S. Agencies. As of June 30, 2021, 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:

Issuer	Amount	Percent of Total
Federal Home Loan Bank	\$ 40,016	13%
Federal Home Loan Mortgage Corp	175,218	57%
Federal Farm Credit Bank	92,335	30%

3 ACCOUNTS RECEIVABLE

Accounts receivable in the accompanying financial statements include \$242,921 in amounts due from governmental agencies. Based on the collectibility of funds from these sources, the School believes that an allowance for doubtful accounts is not considered necessary.

4 INTERFUND ACTIVITIES

Due to/from other funds consisted of the following balances as of June 30, 2021:

	Interfund Receivables	Interfund Payables
General fund	\$ 231,996	\$ -
Special revenue fund	-	231,996
Total interfund	\$ 231,996	\$ 231,996

The amount payable by the special revenue fund to the general fund is to cover temporary cash shortages related to the timing of receipts.

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

5 CHANGES IN CAPITAL ASSETS

Capital asset activity during fiscal 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 1,441,920	\$ 144,133	\$(1,586,053)	\$ -
Total capital assets not being depreciated	<u>1,441,920</u>	<u>144,133</u>	<u>(1,586,053)</u>	<u>-</u>
Capital assets being depreciated:				
Improvements other than buildings	153,124	55,806	-	208,930
Buildings and fixed equipment	3,237,439	1,530,247	-	4,767,686
Furniture, fixtures and equipment	137,429	129,168	-	266,597
Motor vehicles	210,047	-	-	210,047
Total capital assets being depreciated	<u>3,738,039</u>	<u>1,715,221</u>	<u>-</u>	<u>5,453,260</u>
Less accumulated depreciation for:				
Improvements other than buildings	(90,238)	(12,938)	-	(103,176)
Buildings and fixed equipment	(367,596)	(177,645)	-	(545,241)
Furniture, fixtures and equipment	(106,925)	(35,806)	-	(142,731)
Motor vehicles	(35,733)	(21,005)	-	(56,738)
Total accumulated depreciation	<u>(600,492)</u>	<u>(247,394)</u>	<u>-</u>	<u>(847,886)</u>
Capital assets being depreciated, net	<u>3,137,547</u>	<u>1,467,827</u>	<u>-</u>	<u>4,605,374</u>
Governmental activities capital assets, net	<u>\$ 4,579,467</u>	<u>\$ 1,611,960</u>	<u>\$(1,586,053)</u>	<u>\$ 4,605,374</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 203,147
School administration	21,732
Pupil transportation	21,005
Operation of plant	<u>1,510</u>
Total governmental activities depreciation expense	<u>\$ 247,394</u>

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

6 DUE TO THE SCHOOL BOARD

The amount due to the School Board as of June 30, 2021 of \$2,034,811 is comprised of \$1,789,360 in payroll expenses/expenditures paid by the School Board on behalf of the School as well as \$245,451 in other expenses/expenditures.

7 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, 2021 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.

Uncertainty

The extent of the impact and effects of the outbreak of the coronavirus on the School's operations will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions, changes in enrollment and the impact on governmental funding, all of which are highly uncertain and cannot be predicted. While the School's operations have not been significantly impacted due to the virus to date, if the virus causes significant negative impacts to economic conditions, the School's operations may be adversely affected.

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

8 LONG-TERM LIABILITIES

Long-term liabilities activity during fiscal 2021 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	\$ 368,257	\$ 39,943	\$ -	\$ 408,200	\$ 408,200
Net pension liability	4,451,874	1,514,776	-	5,966,650	-
Other postemployment benefits obligation	415,010	46,988	-	461,998	-
Governmental activities, long-term liabilities	<u>\$ 5,235,141</u>	<u>\$ 1,601,707</u>	<u>\$ -</u>	<u>\$ 6,836,848</u>	<u>\$ 408,200</u>

9 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.

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

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 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, 2020, 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%	10%
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.

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

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 2019 for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for 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.

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 2.40%. 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 6.80%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2020:

- FRS: The long-term expected rate of return was decreased from 6.90% to 6.80%.
- HIS: The municipal bond rate used to determine total pension liability was decreased from 3.50% to 2.21%, and the mortality assumption was changed from the Generational RP-2000 with Projection Scale BB tables to the PUB-2010 base table, projected generationally with Scale MP-2018.

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

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, 2020:

School's Proportionate Share of FRS Net Pension Liability			School's Proportionate Share of HIS Net Pension Liability		
1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
5.80%	6.80%	7.80%	1.21%	2.21%	3.21%
\$ 6,759,661	\$ 4,233,170	\$ 2,123,034	\$ 2,003,825	\$ 1,733,480	\$ 1,512,206

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, 2020, are shown below (in thousands):

	<u>FRS</u>	<u>HIS</u>
Total pension liability	\$ 204,909,739	\$ 12,588,098
Plan fiduciary net position	(161,568,265)	(378,261)
Net pension liability	<u>\$ 43,341,474</u>	<u>\$ 12,209,837</u>
Plan fiduciary net position as a percentage of the total pension liability	78.85%	3.00%

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 as of June 30, 2020. 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 HIS actuarial valuation was prepared as of July 1, 2018, and update procedures were used to determine liabilities as of June 30, 2020. 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.

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

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

As of June 30, 2021, the School reported a liability of \$5,966,650 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 ended June 30, 2013 through June 30, 2020 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.

The School's proportions are as follows:

	FRS	HIS
June 30, 2020	0.0098%	0.0142%
June 30, 2019	0.0088%	0.0127%
Change	0.0010%	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, 2020, was 5.9 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, 2021, the School recognized pension expense of \$910,754. As of June 30, 2021, 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	\$ 232,922	\$ 1,337
Changes of assumptions	952,736	100,795
Net differences between projected and actual earnings on pension plan investments	253,431	-
Changes in proportion and differences between School contributions and proportionate share of contributions	29,074	167,372
School contributions subsequent to the measurement date	<u>493,385</u>	<u>-</u>
Total	<u>\$ 1,961,548</u>	<u>\$ 269,504</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>
2022	\$ 255,674
2023	370,542
2024	300,454
2025	191,462
2026	61,635
Thereafter	18,892

**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 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 retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirements and benefit terms of the School Board and the OPEB Plan members are established and may be amended through recommendations of the Insurance Committee and action from the Board. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

As of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	114
Total	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-top: 2px;"/> 116

Total OPEB Liability

The School's total OPEB liability of \$461,998 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability 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, 2020 actuarial valuation of the Florida Retirement System; 3.4% - 7.8%, including inflation.
Discount rate	2.45%

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

Healthcare cost trend rates	6.5% for 2020 and gradually decreasing according to the Getzen Model to an ultimate trend rate of 3.99%.
Retirement age	Retirement rates used in the July 1, 2020 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018.
Mortality	Mortality tables used in the July 1, 2020 actuarial valuation of the Florida Retirement System. They are based on the results of a statewide experience study covering the period 2013 through 2018.

The discount rate was based on the municipal bond rate of 2.45% (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 actuarial valuation were the same as those employed in the July 1, 2020 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, 2020 actuarial valuation of FRS Pension Plan. Assumptions used in valuation of benefits for participants of the FRS Investment Plan are the same as for similarly situated participants of the 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, 2020	\$ 415,010
Service cost	37,605
Interest	13,818
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	17,851
Benefit payments	<u>(22,286)</u>
Net changes	<u>46,988</u>
Balance at June 30, 2021	<u>\$ 461,998</u>

There were no benefit changes during the year.

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

The following changes in actuarial assumptions or other inputs occurred in 2020:

- The discount rate changed from 3.13% as of the beginning of the measurement period to 2.45% as of June 30, 2020.
- The load for modeling the excise ("Cadillac") tax on healthcare plans was removed, as the excise tax no longer applies.

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, 2020:

School's Proportionate Share of OPEB Liability		
1% Decrease	Current Discount Rate	1% Increase
1.45%	2.45%	3.45%
\$ 510,323	\$ 461,998	\$ 427,358

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, 2020:

School's Proportionate Share of Healthcare Cost Trend Rates		
1% Decrease	Current Rates	1% Increase
(5.5% down to 2.99%)	(6.5% down to 3.99%)	(7.5% down to 4.99%)
\$ 408,420	\$ 461,998	\$ 537,464

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

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$8,245. At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,035	\$ -
Changes of assumptions or other inputs	16,364	90,483
Benefits subsequent to the measurement date	36,099	-
Total	\$ 57,498	\$ 90,483

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, 2021.

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

Reporting Period Ended June 30:	Amount
2022	\$ (8,652)
2023	(8,652)
2024	(8,652)
2025	(8,652)
2026	(8,652)
Thereafter	(25,824)

11 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 \$274,391 for health and safety expenditures, \$76,624 for the food service program, \$30,000 for terminal leave reserve and \$86,661 for student activities.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

12 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	\$ 5,045,247
Class size reduction	1,317,160
Discretionary local effort	489,492
Supplemental academic instruction	259,296
Additional millage allocation	252,761
Teacher salary increase allocation	185,036
Discretionary millage funds	159,860
Pre-kindergarten program	152,004
ESE guaranteed allocation	125,208
Transportation	91,275
Instructional materials	88,992
Safe schools	68,396
Reading allocation	48,246
Funds compression allocation	45,222
Mental health allocation	39,541
Teacher lead	25,730
Security grant allocation	17,452
Best and brightest	16,169
Hardening grant	7,700
Digital classroom allocation	2,826
Other	<u>628</u>
Total	<u>\$ 8,438,241</u>

The administration fee paid to the School Board during the year ended June 30, 2021 totaled approximately \$35,000, which is included in general administration expense/expenditure in the accompanying financial statements.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

13 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 used 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, 2021

	<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>
REVENUES				
State and local sources	\$ 8,556,188	\$ 8,396,833	\$ 8,438,241	\$ 41,408
Contributions and other revenue	468,000	194,700	218,401	23,701
Total revenues	<u>9,024,188</u>	<u>8,591,533</u>	<u>8,656,642</u>	<u>65,109</u>
EXPENDITURES				
Current:				
Instruction	6,363,027	6,153,374	6,096,889	56,485
Instructional support services	344,555	320,415	309,978	10,437
Instructional media	87,566	86,541	77,589	8,952
Instruction and curriculum development	107,800	103,499	106,884	(3,385)
Instructional staff training	93,300	80,668	76,421	4,247
Board	39,500	39,125	37,857	1,268
General administration	120,000	115,000	113,656	1,344
School administration	889,238	755,973	746,620	9,353
Facilities acquisition and construction	120,000	107,000	106,633	367
Central services	1,200	1,200	-	1,200
Pupil transportation services	141,160	160,960	158,458	2,502
Operation of plant	811,880	688,833	677,575	11,258
Other capital outlay	-	38,000	37,500	500
Total expenditures	<u>9,119,226</u>	<u>8,650,588</u>	<u>8,546,060</u>	<u>104,528</u>
Net change in fund balance	(95,038)	(59,055)	110,582	169,637
Fund balance at beginning of year	<u>4,291,511</u>	<u>4,291,511</u>	<u>4,291,511</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,196,473</u>	<u>\$ 4,232,456</u>	<u>\$ 4,402,093</u>	<u>\$ 169,637</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, 2021

	<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>
REVENUES				
Federal through state	\$ 360,000	\$ 421,700	\$ 422,428	\$ 728
Federal sources passed through local school district	376,756	376,756	381,426	4,670
Contributions and other revenue	-	44,000	163,451	119,451
Total revenues	<u>736,756</u>	<u>842,456</u>	<u>967,305</u>	<u>124,849</u>
EXPENDITURES				
Current:				
Instruction	173,848	44,428	49,350	(4,922)
Instructional support services	30,794	30,794	30,794	-
Instruction and curriculum development	39,062	39,062	39,062	-
Instructional staff training	39,519	39,519	39,519	-
Food services	370,394	410,194	406,854	3,340
Operation of plant	93,533	93,533	93,533	-
Community services	-	-	125,585	(125,585)
Other capital outlay	-	129,420	129,168	252
Total expenditures	<u>747,150</u>	<u>786,950</u>	<u>913,865</u>	<u>(126,915)</u>
Net change in fund balance	(10,394)	55,506	53,440	(2,066)
Fund balance at beginning of year, as restated	109,845	109,845	109,845	-
Fund balance at end of year	<u>\$ 99,451</u>	<u>\$ 165,351</u>	<u>\$ 163,285</u>	<u>\$ (2,066)</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**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Florida Retirement System (FRS) Pension Plan										
School's proportion of the net pension liability (asset)	0.0098%	0.0088%	0.0082%	0.0091%	0.0097%	0.0088%	0.0088%			
School's proportionate share of the net pension liability (asset)	\$ 4,233,170	\$ 3,030,970	\$ 2,466,383	\$ 2,703,670	\$ 2,459,662	\$ 1,137,218	\$ 538,856			
School's covered-employee payroll	\$ 2,623,893	\$ 3,204,402	\$ 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	161%	95%	77%	67%	75%	36%	17%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	79%	83%	84%	84%	85%	92%	96%			
Retiree Health Insurance Subsidy (HIS) Program										
School's proportion of the net pension liability (asset)	0.0142%	0.0127%	0.0116%	0.0131%	0.0140%	0.0117%	0.0116%			
School's proportionate share of the net pension liability (asset)	\$ 1,733,480	\$ 1,420,904	\$ 1,232,355	\$ 1,395,663	\$ 1,627,166	\$ 1,193,091	\$ 1,087,475			
School's covered-employee payroll	\$ 3,303,892	\$ 3,938,536	\$ 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	52%	36%	39%	35%	50%	37%	34%			
Plan fiduciary net position as a percentage of the total pension liability (asset)	3%	3%	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.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Florida Retirement System (FRS) Pension Plan										
Contractually required contribution	\$ 409,440	\$ 289,636	\$ 246,536	\$ 251,039	\$ 257,029	\$ 201,087	\$ 214,661	\$ 193,449		
Contributions in relation to the contractually required contribution	409,440	289,636	246,536	251,039	257,029	201,087	214,661	193,449		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
School's covered-employee payroll	\$ 3,909,058	\$ 2,623,893	\$ 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	10%	11%	8%	8%	6%	6%	7%	6%		
Retiree Health Insurance Subsidy (HIS) Program										
Contractually required contribution	\$ 83,945	\$ 73,020	\$ 63,705	\$ 67,925	\$ 74,619	\$ 45,114	\$ 44,720	\$ 39,842		
Contributions in relation to the contractually required contribution	83,945	73,020	63,705	67,925	74,619	45,114	44,720	39,842		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
School's covered-employee payroll	\$ 5,048,454	\$ 3,303,892	\$ 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%	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.

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**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 37,605	\$ 32,573	\$ 21,714	\$ 52,718						
Interest	13,818	17,607	16,484	14,122						
Changes in benefit terms	-	-	-	-						
Differences between expected and actual experience	-	37,799	-	-						
Changes in assumptions or other inputs	17,851	(115,971)	(2,483)	(28,043)						
Benefit payments	(22,286)	(21,633)	(24,793)	(31,975)						
Net change in total OPEB liability	46,988	(49,625)	10,922	6,822						
Total OPEB liability - beginning	415,010	464,635	453,713	446,891						
Total OPEB liability - ending	<u>\$ 461,998</u>	<u>\$ 415,010</u>	<u>\$ 464,635</u>	<u>\$ 453,713</u>						
School's covered-employee payroll	\$ 4,168,437	\$ 3,981,446	\$ 3,519,686	\$ 3,428,523						
Total OPEB liability as a percentage of covered-employee payroll	11%	10%	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.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Grant Period	Expenditures
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / National School Lunch Program	10.555	7/1/20 - 6/30/21	\$ 24,139
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / National School Lunch Program (Seamless Summer Option)	10.555	7/1/20 - 6/30/21 *	357,020
United States Department of Agriculture / Florida Department of Agriculture and Consumer Services / National School Lunch Program (Emergency Operational Costs Reimbursement Program)	10.555	3/1/20 - 6/30/21 *	41,269
Total Child Nutrition Cluster			<u>422,428</u>
United States Department of Education / Florida Department of Education / Special Education-Grants to States (IDEA)	84.027A	7/1/20 - 6/30/21	82,820
United States Department of Education / Florida Department of Education / Career and Technical Education - Basic Grants to States (Perkins)	84.048A	7/1/20 - 6/30/21	8,137
United States Department of Education / Florida Department of Education / Supporting Effective Instruction State Grants (Title II) (formerly Improving Teacher Quality State Grants)	84.367A	7/1/20 - 6/30/21	39,519
United States Department of Education / Florida Department of Education / Title IV - Student Support and Academic Enrichment Program	84.424A	7/1/20 - 6/30/21	4,669
United States Department of Education / Florida Department of Education / Education Stabilization Fund (Governor's Emergency Education Relief Fund)	84.425C	7/1/20 - 6/30/21 *	12,698
United States Department of Education / Florida Department of Education / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund)	84.425D	7/1/20 - 6/30/21 *	233,583
Total Education Stabilization Funds			<u>246,281</u>
Total Expenditures of Federal Awards			<u>\$ 803,854</u>

* Represents COVID-19 funds

See accompanying note to schedule of expenditures of federal awards.

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

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

1 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

For the year ended June 30, 2021, the School did not elect to use the 10% de minimis indirect cost rate.

**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 and each major fund 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, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 6, 2021.

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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Winter Park, Florida
December 6, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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 COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Round Lake Charter, Inc.'s, (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKHM, P.A.

Winter Park, Florida
December 6, 2021

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of major programs:

Federal Assistance Listing Number	Grant Period	Name of Federal Program or Cluster
10.555	7/1/20 - 6/30/21	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as a low-risk auditee?	No
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SECTION II - FINANCIAL STATEMENT FINDINGS

None

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued)**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - STATUS OF PRIOR YEAR AUDIT FINDINGS

The prior year audit was not required to be conducted in accordance with the Uniform Guidance; therefore, there were no prior year audit findings.

**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 and each major fund 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, 2021, and have issued our report thereon dated December 6, 2021.

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; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); 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*, Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 6, 2021, 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 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
December 6, 2021