

**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, 2022



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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, 2022. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The School's total net position increased compared to the prior year.
- For 2022, the School's revenues exceeded expenses by \$683,161, which is an increase from the prior year when expenses exceeded revenues by \$769,013.
- Overall, revenues increased by approximately \$691,000, which was a 7% increase from the prior year.
- Overall, expenses decreased by approximately \$761,000, which was a 7% decrease from the prior year.
- Total assets and deferred outflows were \$12,821,861 and liabilities and deferred inflows were \$8,145,737, resulting in net position of \$4,676,124 as of June 30, 2022.

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, 2022 and 2021 is summarized as follows - see table below.

	Governmental Activities		Increase (Decrease)
	2022	2021	
Current and other assets	\$ 6,550,984	\$ 6,776,499	-3%
Capital assets, net	4,538,447	4,605,374	-1%
Deferred outflows of resources	1,732,430	2,019,046	-14%
Total assets and deferred outflows	<u>12,821,861</u>	<u>13,400,919</u>	<u>-4%</u>
Current and other liabilities	1,648,624	2,211,121	-25%
Long-term liabilities	3,349,673	6,836,848	-51%
Deferred inflows of resources	3,147,440	359,987	774%
Total liabilities and deferred inflows	<u>8,145,737</u>	<u>9,407,956</u>	<u>-13%</u>
Net position:			
Net investment in capital assets	4,503,495	4,605,374	-2%
Restricted for health and safety expenditures	39,295	274,391	-86%
Restricted for food service	-	76,624	-100%
Restricted for terminal employee benefits	30,000	30,000	0%
Restricted for student activities	108,543	86,661	25%
Unrestricted	<u>(5,209)</u>	<u>(1,080,087)</u>	<u>100%</u>
Total net position	<u>\$ 4,676,124</u>	<u>\$ 3,992,963</u>	<u>17%</u>

Current and other liabilities decreased due to a decrease in amounts due to the Lake County School Board for payroll and related costs paid on the School's behalf during fiscal year 2022, 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 2022. The change in net position restricted for health and safety expenditures is due to an decrease as the School spent more of the additional millage allocation funds in the current year. The change in net position restricted for food service decreased as the School changed food service providers and partnered with Spring Creek Charter School to provide these services. Therefore, the remaining net position balance was used to cover the School's remaining food service costs. The unrestricted net position is the result of current year operations and the activity noted above.

As part of the food service partnership agreement, Spring Creek Charter School is holding back an emergency food service operations reserve as part of its restricted net assets for all participating schools. In the event the partnership is terminated, the School would receive its

MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

portion of the reserve based on its participation percentage, which is approximately 46% as of June 30, 2022.

Change in Net Position

The School's total revenues increased by 7% to \$10,315,344, and the total cost of all programs and services decreased by 7% to \$9,632,183 - see table below:

	Governmental Activities		Increase (Decrease)
	2022	2021	
Revenues:			
Federal sources	\$ 1,227,414	\$ 803,854	53%
State and local sources	8,670,206	8,438,241	3%
Contributions and other revenue	417,724	381,852	9%
Total revenues	<u>10,315,344</u>	<u>9,623,947</u>	<u>7%</u>
Expenses:			
Instruction and instruction-related services	7,283,019	7,904,129	-8%
Board	45,837	37,857	21%
General administration	119,455	113,656	5%
School administration	890,339	852,798	4%
Fiscal services	32,412	-	100%
Food services	97,332	406,854	-76%
Central services	70,518	-	100%
Pupil transportation services	177,236	179,463	-1%
Operation of plant	758,496	772,618	-2%
Community services	155,402	125,585	24%
Interest	2,137	-	100%
Total expenses	<u>9,632,183</u>	<u>10,392,960</u>	<u>-7%</u>
Change in net position	<u>\$ 683,161</u>	<u>\$ (769,013)</u>	<u>189%</u>

Revenues from federal sources increased due to the receipt of additional federal funding in the current year from the Elementary and Secondary School Emergency Relief ("ESSER") Fund.

Food services expenses decreased as the School changed food service providers and partnered with Spring Creek Charter School to provide these services. Central services increased due to an increase in staffing.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As the School completed the year, its governmental funds reported a fund balance of \$4,902,360. 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 increases in appropriations.

For 2022, actual general fund revenues were approximately \$60,000 above the final budgeted amounts, which represents a less than 1% budget variance. Actual general fund expenditures were approximately \$50,000 below the final budgeted amounts, which represents a less than 1% budget variance.

Special Revenue Fund Budgetary Highlights

For 2022, actual special revenue fund revenues were approximately \$178,000 above the final budgeted amounts, which represents a 15% budget variance. Actual special revenue fund expenditures were approximately \$155,000 above the final budgeted amounts, which represents a 14% 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 2022 amounts to \$4,538,447 (net of accumulated depreciation). See table below:

	Governmental Activities		Increase (Decrease)
	2022	2021	
Construction in progress	\$ 70,956	\$ -	100%
Improvements other than buildings	208,930	208,930	0%
Buildings and fixed equipment	4,767,686	4,767,686	0%
Furniture, fixtures and equipment	423,794	266,597	59%
Motor vehicles	210,047	210,047	0%
Less accumulated depreciation	(1,142,966)	(847,886)	-35%
Total capital assets, net	<u>\$ 4,538,447</u>	<u>\$ 4,605,374</u>	<u>-1%</u>

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

- Laptops - \$79,382
- Leased copiers - \$43,816
- Air purifiers - \$33,999
- Storage shed construction - \$31,226
- Shade structures construction - \$26,738
- Screen enclosure construction - \$12,992

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 2023:

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

Amounts available for appropriation in the general fund are approximately \$9,301,000, an increase of 4% from the final 2022 actual amount of \$8,910,646.

Budgeted expenditures are expected to be approximately \$9,097,000, an increase of 4% from the final 2022 actual amount of \$8,777,844. The School had added no major new programs to the fiscal 2023 budget.

If these estimates are realized, the School's general fund balance is expected to increase by the close of fiscal 2023.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Round Lake Charter, Inc. as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7, the budgetary comparison information on pages 39 – 40, the pension information on pages 41 – 42 and the other postemployment benefit information on page 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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, 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*, is presented for purposes of additional analysis and is 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 8, 2022 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.

Orlando, Florida
December 8, 2022

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, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 5,453,342
Investments	384,933
Accounts receivable	706,576
Other current assets	6,133
Capital assets, net	4,538,447
Total assets	11,089,431
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	1,732,430
Total assets and deferred outflows of resources	\$ 12,821,861
 LIABILITIES	
Accounts payable and accrued expenses	\$ 130,468
Due to the District School Board of Lake County, Florida	1,518,156
Long-term liabilities:	
Due within one year	420,179
Due in more than one year	2,929,494
Total liabilities	4,998,297
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	3,147,440
 NET POSITION	
Net investment in capital assets	4,503,495
Restricted for:	
Health and safety expenditures	39,295
Terminal employee benefits	30,000
Student activities	108,543
Unrestricted	(5,209)
Total net position	4,676,124
Total liabilities, deferred inflows of resources and net position	\$ 12,821,861

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, 2022

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental activities:						
Instruction	\$ 6,598,252	\$ 121,172	\$ 459,063	\$ -	\$ (6,018,017)	\$ (6,018,017)
Student support services	422,675	-	83,345	-	(339,330)	(339,330)
Instructional media	80,088	-	2,164	-	(77,924)	(77,924)
Instruction and curriculum development	150,707	-	48,276	-	(102,431)	(102,431)
Instructional staff training	31,297	-	14,772	-	(16,525)	(16,525)
Board	45,837	-	-	-	(45,837)	(45,837)
General administration	119,455	-	-	-	(119,455)	(119,455)
School administration	890,339	-	77,653	-	(812,686)	(812,686)
Fiscal services	32,412	-	2,161	-	(30,251)	(30,251)
Food services	97,332	-	-	-	(97,332)	(97,332)
Central services	70,518	-	2,163	-	(68,355)	(68,355)
Pupil transportation services	177,236	-	-	-	(177,236)	(177,236)
Operation of plant	758,496	-	214,998	-	(543,498)	(543,498)
Community services	155,402	-	-	-	(155,402)	(155,402)
Interest	2,137	-	-	-	(2,137)	(2,137)
Total primary government	<u>\$ 9,632,183</u>	<u>\$ 121,172</u>	<u>\$ 904,595</u>	<u>\$ -</u>	<u>(8,606,416)</u>	<u>(8,606,416)</u>
General revenues:						
Federal sources passed through local school district					322,819	322,819
State and local sources					8,670,206	8,670,206
Contributions and other revenue					296,552	296,552
Total general revenues					<u>9,289,577</u>	<u>9,289,577</u>
Change in net position					683,161	683,161
Net position at beginning of year					<u>3,992,963</u>	<u>3,992,963</u>
Net position at end of year					<u>\$ 4,676,124</u>	<u>\$ 4,676,124</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, 2022

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 5,344,799	\$ 108,543	\$ 5,453,342
Investments	384,933	-	384,933
Accounts receivable	170,936	535,640	706,576
Due from special revenue fund	535,640	-	535,640
Other current assets	6,133	-	6,133
Total assets	\$ 6,442,441	\$ 644,183	\$ 7,086,624
LIABILITIES			
Accounts payable and accrued expenditures	\$ 130,468	\$ -	\$ 130,468
Due to the District School Board of Lake County, Florida	1,518,156	-	1,518,156
Due to general fund	-	535,640	535,640
Total liabilities	1,648,624	535,640	2,184,264
FUND BALANCES			
Nonspendable:			
Other current assets	6,133	-	6,133
Restricted for:			
Health and safety expenditures	39,295	-	39,295
Terminal employee benefits	30,000	-	30,000
Student activities	-	108,543	108,543
Assigned to:			
Open purchase orders	7,784	-	7,784
Unassigned	4,710,605	-	4,710,605
Total fund balances	4,793,817	108,543	4,902,360
Total liabilities and fund balances	\$ 6,442,441	\$ 644,183	\$ 7,086,624

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, 2022

Total fund balances - governmental funds	\$	4,902,360
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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 \$5,681,413 and the accumulated depreciation is \$1,142,966.		4,538,447
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end include:

Compensated absences		(410,838)
Lease liabilities		(34,952)

The following balances do not use current resources or are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Deferred outflows of resources		1,732,430
Net pension liability		(2,529,019)
Other postemployment benefits obligation		(374,864)
Deferred inflows of resources		(3,147,440)

Total net position - governmental activities	\$	<u>4,676,124</u>
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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

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

FOR THE YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Federal sources passed through local school district	\$ -	\$ 1,227,414	\$ 1,227,414
State and local sources	8,670,206	-	8,670,206
Contributions and other revenue	240,440	177,284	417,724
Total revenues	<u>8,910,646</u>	<u>1,404,698</u>	<u>10,315,344</u>
EXPENDITURES			
Current:			
Instruction	6,296,366	459,063	6,755,429
Student support services	339,330	83,345	422,675
Instructional media	77,924	2,164	80,088
Instruction and curriculum development	102,431	48,276	150,707
Instructional staff training	16,525	14,772	31,297
Board	45,837	-	45,837
General administration	119,455	-	119,455
School administration	829,492	77,653	907,145
Fiscal services	30,251	2,161	32,412
Food services	97,332	-	97,332
Central services	68,355	2,163	70,518
Pupil transportation services	156,231	-	156,231
Operation of plant	543,498	214,998	758,496
Community services	-	155,402	155,402
Debt service:			
Principal	8,864	-	8,864
Interest	2,137	-	2,137
Other capital outlay	43,816	184,337	228,153
Total expenditures	<u>8,777,844</u>	<u>1,244,334</u>	<u>10,022,178</u>
Excess of revenues under expenditures	<u>132,802</u>	<u>160,364</u>	<u>293,166</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from lease liability	43,816	-	43,816
Transfers in	215,106	-	215,106
Transfers out	-	(215,106)	(215,106)
Total other financing sources (uses)	<u>258,922</u>	<u>(215,106)</u>	<u>43,816</u>
Net changes in fund balances	391,724	(54,742)	336,982
Fund balances at beginning of year	4,402,093	163,285	4,565,378
Fund balances at end of year	<u>\$ 4,793,817</u>	<u>\$ 108,543</u>	<u>\$ 4,902,360</u>

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

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

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

FOR THE YEAR ENDED JUNE 30, 2022

Net changes in fund balances - total governmental funds	\$ 336,982
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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 depreciation expense (\$295,080) exceeds capital outlays (\$228,153) in the current period.	(66,927)
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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.	(2,638)
--	---------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(43,816)
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Principal payments on long-term debt are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.	8,864
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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	458,549
Change in other post employment benefits obligation, deferred outflows and deferred inflows	(7,853)

Change in net position of governmental activities	\$ 683,161
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The accompanying notes to financial statements are an integral part of this statement.

**ROUND LAKE CHARTER, INC.
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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.

Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use or directly benefit from goods, services or privileges provided by a given function. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

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, 2022, the School had a total of \$384,933 invested in GSE bonds at risk of potential losses. The School has not historically experienced losses on its investments.

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Receivables

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

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.

Long-Term Liabilities

Long-term obligations that will be financed by resources to be received in the future by the governmental funds are reported in the government-wide financial statements, not in the governmental funds. 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

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

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, 2022.

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.

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

Subsequent Events

The School has evaluated subsequent events through December 8, 2022, the date these financial statements were available to be issued.

Recently Adopted 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 School adopted the standard on July 1, 2021 on a prospective basis. Upon adoption of the standard, \$43,816 in leased equipment and lease liability was recorded in the statement of net position. In addition, \$43,816 was recorded as other financing sources and capital outlay expenditures in the statement of revenues, expenditures and changes in fund balances – governmental funds. There was no effect on the School’s beginning net position and fund balance.

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, 2022, the School had the following investments:

Investment Type	Fair Value	Investment Maturities		
		Less than 1 year	1-5 years	More than 5 years
Government-sponsored enterprise bonds	\$ 384,933	\$ 90,049	\$ 294,884	\$ -

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, 2022, 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 Farm Credit Bank	\$ 90,049	23%
Federal Farm Credit Bank	45,494	12%
Federal Home Loan Bank	46,054	12%
Federal Home Loan Bank	36,879	10%
Federal Home Loan Bank	166,457	43%

3 ACCOUNTS RECEIVABLE

Accounts receivable in the accompanying financial statements include \$706,576 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, 2022:

	Interfund Receivables	Interfund Payables
General fund	\$ 535,640	\$ -
Special revenue fund	-	535,640
Total interfund	\$ 535,640	\$ 535,640

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.
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**NOTES TO FINANCIAL STATEMENTS
(continued)**

A summary of transfers between funds for the year ended June 30, 2022 is shown below:

	Transfers In	Transfers Out
General fund	\$ 215,106	\$ -
Special revenue fund	-	215,106
Total interfund	\$ 215,106	\$ 215,106

The general purpose for transfers is to move funds for the payment of salaries, custodial, food services and other costs.

5 CHANGES IN CAPITAL ASSETS

Capital asset activity during fiscal 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 70,956	\$ -	\$ 70,956
Total capital assets not being depreciated	-	70,956	-	70,956
Capital assets being depreciated:				
Improvements other than buildings	208,930	-	-	208,930
Buildings and fixed equipment	4,767,686	-	-	4,767,686
Furniture, fixtures and equipment	266,597	157,197	-	423,794
Motor vehicles	210,047	-	-	210,047
Total capital assets being depreciated	5,453,260	157,197	-	5,610,457
Less accumulated depreciation for:				
Improvements other than buildings	(103,176)	(13,868)	-	(117,044)
Buildings and fixed equipment	(545,241)	(174,570)	-	(719,811)
Furniture, fixtures and equipment	(142,731)	(85,637)	-	(228,368)
Motor vehicles	(56,738)	(21,005)	-	(77,743)
Total accumulated depreciation	(847,886)	(295,080)	-	(1,142,966)
Capital assets being depreciated, net	4,605,374	(137,883)	-	4,467,491
Governmental activities capital assets, net	\$ 4,605,374	\$ (66,927)	\$ -	\$ 4,538,447

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

**NOTES TO FINANCIAL STATEMENTS
(continued)**

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 250,916
School administration	23,159
Pupil transportation	<u>21,005</u>
Total governmental activities depreciation expense	<u>\$ 295,080</u>

6 DUE TO THE SCHOOL BOARD

The amount due to the School Board as of June 30, 2022 of \$1,518,156 is comprised of \$1,386,992 in payroll expenses/expenditures paid by the School Board on behalf of the School as well as \$131,164 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, 2022 may be impaired. In the opinion of the School, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Legal Matters

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

Risk Management Program

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

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

8 LONG-TERM LIABILITIES

Long-term liabilities activity during fiscal 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 408,200	\$ 2,638	\$ -	\$ 410,838	\$ 410,838
Lease liability	-	43,816	(8,864)	34,952	9,341
Net pension liability	5,966,650	-	(3,437,631)	2,529,019	-
Other postemployment benefits obligation	461,998	-	(87,134)	374,864	-
Governmental activities, long-term liabilities	<u>\$ 6,836,848</u>	<u>\$ 46,454</u>	<u>\$ (3,533,629)</u>	<u>\$ 3,349,673</u>	<u>\$ 420,179</u>

Lease Liability

The School leases a portion of its equipment under a lease agreement that expires in 2026. The equipment lease requires quarterly payments of principal and interest at a rate of 5.25%.

Leased assets as of June 30, 2022 consist of the following:

	Governmental Activities
Furniture, fixtures and equipment	\$ 43,816
Less accumulated depreciation	(8,763)
	<u>\$ 35,053</u>

Future debt service requirements related to the lease are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 9,341	\$ 1,660	\$ 11,001
2024	9,844	1,157	11,001
2025	10,373	628	11,001
2026	5,394	107	5,501
	<u>\$ 34,952</u>	<u>\$ 3,641</u>	<u>\$ 38,593</u>

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

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 annual comprehensive financial report (“ACFR”) 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 ACFR, which is available online or by contacting the Division.

The Florida Retirement System (“FRS”) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (“DROP”) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the FRS Pension Plan. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (“HIS”) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The Florida Legislature establishes and amends the contribution requirements 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, 2021, 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.

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

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%	10.82%
Florida Retirement System, Reemployed Retiree	(B)	(B)

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

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

Assumptions and Other Inputs

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The Division determines the assumptions in the valuations for GASB 67 reporting purposes. The FRS Pension Plan’s GASB 67 valuation is performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 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.

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**NOTES TO FINANCIAL STATEMENTS
(continued)**

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both the FRS Pension Plan and the HIS Program were based on the PUB-2010 base table.

The following changes in actuarial assumptions occurred in 2021:

- FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.
- HIS: The municipal bond rate used to determine total pension liability was decreased from 2.21% to 2.16%.

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, 2021:

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%	1.16%	2.16%	3.16%
\$ 3,581,654	\$ 800,895	\$(1,523,509)	\$ 1,997,878	\$ 1,728,124	\$ 1,507,120

The Pension Plans' Fiduciary Net Positions

Detailed information about the pension plans' fiduciary net positions are available in the System's separately issued ACFR. The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of June 30, 2021, are shown below (in thousands):

	FRS	HIS
Total pension liability	\$ 209,636,046	\$ 12,719,121
Plan fiduciary net position	(202,082,183)	(452,618)
Net pension liability	\$ 7,553,863	\$ 12,266,503
Plan fiduciary net position as a percentage of the total pension liability	96.40%	3.56%

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

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, 2021. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. Update procedures were not used.

The total pension liability for the HIS was determined by the plan's actuary and reported in the plan's GASB 67 valuation as of June 30, 2021. 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.

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

As of June 30, 2022, the School reported a liability of \$2,529,019 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, 2021, 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:

	<u>FRS</u>	<u>HIS</u>
June 30, 2021	0.0106%	0.0141%
June 30, 2020	0.0098%	0.0142%
Change	<u>0.0008%</u>	<u>-0.0001%</u>

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 are 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 are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).

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

- Changes in proportion and differences between contributions and proportionate share of contributions are 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 are 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, 2021, was 5.7 years for FRS and 6.4 years for HIS.

For the year ended June 30, 2022, the School recognized a reduction in pension expense of \$458,549. As of June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 195,102	\$ 724
Changes of assumptions	683,804	71,203
Net differences between projected and actual earnings on pension plan investments	1,802	2,794,120
Changes in proportion and differences between School contributions and proportionate share of contributions	272,843	118,399
School contributions subsequent to the measurement date	543,857	-
Total	\$ 1,697,408	\$ 2,984,446

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

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:

Reporting Period Ended	Amount
<u>June 30:</u>	
2023	\$ (312,509)
2024	(387,821)
2025	(507,214)
2026	(649,126)
2027	22,191
Thereafter	3,584

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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>115</u>
Total	<u><u>117</u></u>

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

Total OPEB Liability

The School's total OPEB liability of \$374,864 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

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	2.25%
Salary increases	Salary increase rates used in the July 1, 2021 actuarial valuation of the Florida Retirement System; 3.4% - 7.8%, including inflation.
Discount rate	1.92%
Healthcare cost trend rates	6.0% for 2022 (-8.8% in the first year for actual premiums), followed by 5.75% for 2023 and gradually decreasing according to the Getzen Model to an ultimate trend rate of 3.99% in 2040.
Retirement age	Retirement rates used in the July 1, 2021 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, 2021 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 1.92% (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, 2021 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, 2021 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.

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**NOTES TO FINANCIAL STATEMENTS
(continued)**

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:

	Amounts
Balance at June 30, 2021	\$ 461,998
Service cost	28,388
Interest	11,575
Changes of benefit terms	-
Differences between expected and actual experience	(6,943)
Changes in assumptions or other inputs	(84,310)
Benefit payments	(35,844)
Net changes	(87,134)
Balance at June 30, 2022	\$ 374,864

There were no benefit changes during the year.

The following changes in actuarial assumptions or other inputs occurred in 2022:

- The discount rate changed from 2.45% as of the beginning of the measurement period to 1.92% as of June 30, 2021.
- The expected claims costs and premiums were updated to reflect recent information provided for this valuation.
- The health coverage acceptance assumption was lowered from 45% to 40% based on recent experience.
- The long-term healthcare cost trend assumption was lowered from 3.99% in the prior valuation to 3.75% this year.

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**NOTES TO FINANCIAL STATEMENTS
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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, 2021:

School's Proportionate Share of OPEB Liability		
1% Decrease	Current Discount Rate	1% Increase
0.92%	1.92%	2.92%
\$ 405,798	\$ 374,864	\$ 346,372

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, 2021:

School's Proportionate Share of Healthcare Cost Trend Rates		
1% Decrease	Current Rates	1% Increase
(2.99% down to 2.75%)	(3.99% down to 3.75%)	(4.99% down to 4.75%)
\$ 333,974	\$ 374,864	\$ 423,415

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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, 2022, the District recognized OPEB expense of \$7,853. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,445	\$ -
Changes of assumptions or other inputs	14,770	162,994
Benefits subsequent to the measurement date	<u>15,807</u>	<u>-</u>
Total	<u>\$ 35,022</u>	<u>\$ 162,994</u>

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, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Reporting Period Ended June 30:</u>	<u>Amount</u>
2023	\$ (16,070)
2024	(16,070)
2025	(16,070)
2026	(16,070)
2027	(16,070)
Thereafter	(63,429)

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 \$39,295 for health and safety expenditures, \$30,000 for terminal leave reserve and \$108,543 for student activities.

**ROUND LAKE CHARTER, INC.
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**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	\$ 5,309,844
Class size reduction	1,151,446
Discretionary local effort	515,806
Supplemental academic instruction	265,212
Teacher salary increase allocation	204,205
Additional millage allocation	204,102
Discretionary millage funds	185,599
Additional student reserve allocation	140,919
ESE guaranteed allocation	134,381
Pre-kindergarten program	118,510
Instructional materials	108,181
Transportation	107,338
Safe schools	67,819
Reading allocation	48,602
Mental health allocation	47,008
Carreer and professional education (CAPE) funding	32,411
Teacher lead	24,070
Digital classroom allocation	2,753
Security grant allocation	2,000
	<hr/>
Total	<u><u>\$ 8,670,206</u></u>

The administration fee paid to the School Board during the year ended June 30, 2022 totaled approximately \$35,000, which is included in general administration expense/expenditure in the accompanying financial statements.

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.
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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget-Positive (Negative)
REVENUES				
State and local sources	\$ 8,496,895	\$ 8,673,800	\$ 8,670,206	\$ (3,594)
Contributions and other revenue	128,000	177,000	240,440	63,440
Total revenues	<u>8,624,895</u>	<u>8,850,800</u>	<u>8,910,646</u>	<u>59,846</u>
EXPENDITURES				
Current:				
Instruction	6,472,535	6,342,150	6,296,366	45,784
Student support services	452,185	352,473	339,330	13,143
Instructional media	84,410	83,315	77,924	5,391
Instruction and curriculum development	90,597	103,997	102,431	1,566
Instructional staff training	33,050	26,050	16,525	9,525
Board	41,000	47,000	45,837	1,163
General administration	120,000	120,000	119,455	545
School administration	767,146	838,946	829,492	9,454
Fiscal services	-	30,450	30,251	199
Food service	-	98,400	97,332	1,068
Central services	83,753	71,953	68,355	3,598
Pupil transportation services	164,300	162,080	156,231	5,849
Operation of plant	744,211	550,890	543,498	7,392
Debt service:				
Principal	-	-	8,864	(8,864)
Interest	-	-	2,137	(2,137)
Other capital outlay	-	-	43,816	(43,816)
Total expenditures	<u>9,053,187</u>	<u>8,827,704</u>	<u>8,777,844</u>	<u>49,860</u>
Excess (deficiency) of revenues over expenditures	<u>(428,292)</u>	<u>23,096</u>	<u>132,802</u>	<u>109,706</u>
OTHER FINANCING SOURCES				
Proceeds from lease liabilities	-	-	43,816	43,816
Transfers in	-	-	215,106	215,106
Total other financing uses	<u>-</u>	<u>-</u>	<u>258,922</u>	<u>258,922</u>
Net change in fund balance	<u>(428,292)</u>	<u>23,096</u>	<u>391,724</u>	<u>368,628</u>
Fund balance at beginning of year	4,402,093	4,402,093	4,402,093	-
Fund balance at end of year	<u>\$ 3,973,801</u>	<u>\$ 4,425,189</u>	<u>\$ 4,793,817</u>	<u>\$ 368,628</u>

See independent auditor's report.

ROUND LAKE CHARTER, INC.
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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Federal through state	\$ 420,000	\$ -	\$ -	\$ -
Federal sources passed through local school district	688,380	1,226,430	1,227,414	984
Contributions and other revenue	45,000	-	177,284	177,284
Total revenues	<u>1,153,380</u>	<u>1,226,430</u>	<u>1,404,698</u>	<u>178,268</u>
EXPENDITURES				
Current:				
Instruction	423,379	459,457	459,063	394
Student support services	-	83,348	83,345	3
Instructional media	-	2,165	2,164	1
Instruction and curriculum development	-	48,280	48,276	4
Instructional staff training	-	14,775	14,772	3
School administration	-	77,655	77,653	2
Fiscal services	-	2,163	2,161	2
Food services	410,194	-	-	-
Central services	-	2,165	2,163	2
Operation of plant	245,000	215,075	214,998	77
Community services	-	-	155,402	(155,402)
Other capital outlay	-	184,377	184,337	40
Total expenditures	<u>1,078,573</u>	<u>1,089,460</u>	<u>1,244,334</u>	<u>(154,874)</u>
Excess of revenues over expenditures	<u>74,807</u>	<u>136,970</u>	<u>160,364</u>	<u>23,394</u>
OTHER FINANCING USES				
Transfers out	-	-	(215,106)	(215,106)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(215,106)</u>	<u>(215,106)</u>
Net change in fund balance	74,807	136,970	(54,742)	(191,712)
Fund balance at beginning of year	163,285	163,285	163,285	-
Fund balance at end of year	<u>\$ 238,092</u>	<u>\$ 300,255</u>	<u>\$ 108,543</u>	<u>\$ (191,712)</u>

See independent auditor's report.

ROUND LAKE CHARTER, INC.
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REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Florida Retirement System (FRS) Pension Plan										
School's proportion of the net pension liability (asset)	0.0106%	0.0098%	0.0088%	0.0082%	0.0091%	0.0097%	0.0088%	0.0088%		
School's proportionate share of the net pension liability (asset)	\$ 800,895	\$ 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	\$ 3,909,058	\$ 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	20%	161%	95%	77%	67%	75%	36%	17%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	96%	79%	83%	84%	84%	85%	92%	96%		
Retiree Health Insurance Subsidy (HIS) Program										
School's proportion of the net pension liability (asset)	0.0141%	0.0142%	0.0127%	0.0116%	0.0131%	0.0140%	0.0117%	0.0116%		
School's proportionate share of the net pension liability (asset)	\$ 1,728,124	\$ 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	\$ 5,048,454	\$ 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	34%	52%	36%	39%	35%	50%	37%	34%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	4%	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.
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REQUIRED SUPPLEMENTARY INFORMATION

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Florida Retirement System (FRS) Pension Plan										
Contractually required contribution	\$ 457,835	\$ 409,440	\$ 289,636	\$ 246,536	\$ 251,039	\$ 257,029	\$ 201,087	\$ 214,661	\$ 193,449	
Contributions in relation to the contractually required contribution	457,835	409,440	289,636	246,536	251,039	257,029	201,087	214,661	193,449	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 3,911,861	\$ 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%	10%	11%	8%	8%	6%	6%	7%	6%	
Retiree Health Insurance Subsidy (HIS) Program										
Contractually required contribution	\$ 86,022	\$ 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	83,945	73,020	63,705	67,925	74,619	45,114	44,720	39,842	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	\$ 5,184,020	\$ 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%	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.

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ROUND LAKE CHARTER, INC.
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REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB Liability										
Service cost	\$ 28,388	\$ 37,605	\$ 32,573	\$ 21,714	\$ 52,718					
Interest	11,575	13,818	17,607	16,484	14,122					
Changes in benefit terms	-	-	-	-	-					
Differences between expected and actual experience	(6,943)	-	37,799	-	-					
Changes in assumptions or other inputs	(84,310)	17,851	(115,971)	(2,483)	(28,043)					
Benefit payments	(35,844)	(22,286)	(21,633)	(24,793)	(31,975)					
Net change in total OPEB liability	(87,134)	46,988	(49,625)	10,922	6,822					
Total OPEB liability - beginning	461,998	415,010	464,635	453,713	446,891					
Total OPEB liability - ending	<u>\$ 374,864</u>	<u>\$ 461,998</u>	<u>\$ 415,010</u>	<u>\$ 464,635</u>	<u>\$ 453,713</u>					
School's covered-employee payroll	\$ 4,711,067	\$ 4,168,437	\$ 3,981,446	\$ 3,519,686	\$ 3,428,523					
Total OPEB liability as a percentage of covered-employee payroll	8%	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.
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Grant Period	Expenditures
United States Department of Education / Florida Department of Education / Lake County School District / Special Education-Grants to States (IDEA, Part B) [part of the Special Education Cluster (IDEA)]	84.027	7/1/21 - 6/30/22	79,185
United States Department of Education / Florida Department of Education / Lake County School District / Career and Technical Education - Basic Grants to States (Perkins)	84.048A	7/1/21 - 6/30/22	2,880
United States Department of Education / Florida Department of Education / Lake County School District / Supporting Effective Instruction State Grants (Title II) (formerly Improving Teacher Quality State Grants)	84.367A	7/1/21 - 6/30/22	41,511
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Lump Sum)	84.425D	7/1/21 - 6/30/22 *	340,163
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Technology Assistance)	84.425D	7/1/21 - 6/30/22 *	111,655
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Nonenrollment Assistance)	84.425D	7/1/21 - 6/30/22 *	39,339
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Academic Acceleration)	84.425D	7/1/21 - 6/30/22 *	249,170
United States Department of Education / Florida Department of Education / Lake County School District / Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund III - American Rescue Plan)	84.425U	11/12/21 - 9/30/22 *	363,511
Total Education Stabilization Funds			1,103,838
Total Expenditures of Federal Awards			\$ 1,227,414

* 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, 2022

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, 2022, 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, 2022, 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 8, 2022.

REPORT ON 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 or significant deficiencies may exist that were not identified.

REPORT ON 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.

BKHM, P.A.

Orlando, Florida
December 8, 2022

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

Opinion on Each Major Federal Program

We have audited Round Lake Charter, Inc.’s, (the “School”) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of School’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Orlando, Florida
December 8, 2022

**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, 2022

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
84.425D	7/1/21 - 6/30/22	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Lump Sum)
84.425D	7/1/21 - 6/30/22	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Technology Assistance)
84.425D	7/1/21 - 6/30/22	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Nonenrollment Assistance)
84.425D	7/1/21 - 6/30/22	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund II - Academic Acceleration)
84.425U	11/12/21 - 9/30/22	Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund III - American Rescue Plan)

**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)**

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

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - STATUS OF PRIOR YEAR AUDIT FINDINGS

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, 2022, and have issued our report thereon dated December 8, 2022.

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 8, 2022, 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.

BKHM, P.A.

Orlando, Florida
December 8, 2022