

BYRNEVILLE ELEMENTARY SCHOOL, INC.
(A COMPONENT UNIT OF THE SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA)
FINANCIAL STATEMENTS
JUNE 30, 2023

BYRNEVILLE ELEMENTARY SCHOOL, INC.
TABLE OF CONTENTS
JUNE 30, 2023

	<u>Page Number(s)</u>
Independent Auditors’ Report	1 – 3
Management’s Discussion and Analysis	4 – 8
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	12
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14 – 27
Required Supplementary Information	28
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	29
Budget to Actual – CARES Fund	30
Notes to Required Supplementary Information	31
Schedule of Proportionate Share of Net Pension Liability	32
Schedule of Contributions	33
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	34 – 35
Management Letter of Independent Auditors Required by Chapter 10.850, Rules of the State of Florida, Office of the Auditor General	36 – 37
Corrective Action Plan	38



INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Byrneville Elementary School, Inc.:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Byrneville Elementary School, Inc., as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Byrneville Elementary School, Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Byrneville Elementary School, Inc., as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows 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 (GAAS) 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 Byrneville Elementary School, Inc. 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

Byrneville Elementary School, Inc.'s 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 Byrneville Elementary School, Inc.'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.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Byrneville Elementary School, Inc.'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 Byrneville Elementary School, Inc.'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 and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2023 on our consideration of Byrneville Elementary School, Inc.'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 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 Byrneville Elementary School, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looped initial "J" and a period at the end of the "L".

Tallahassee, Florida
August 29, 2023

BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

As management of Byrneville Elementary School, Inc., we offer readers of Byrneville Elementary School, Inc.'s financial statements this narrative overview and analysis of the financial activities of Byrneville Elementary School, Inc. for the fiscal year ended June 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Byrneville Elementary School, Inc.'s basic financial statements. Byrneville Elementary School, Inc.'s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Byrneville Elementary School, Inc.'s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Byrneville Elementary School, Inc.'s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Byrneville Elementary School, Inc. is improving or deteriorating.

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

Both of the government-wide financial statements distinguish various functions of Byrneville Elementary School, Inc. The governmental activities of Byrneville Elementary School, Inc. include instruction and instruction related services, school administration, fiscal services, food services, pupil transportation services, operation of plant, and maintenance of plant.

See the table of contents for the location of the government-wide financial statements.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Byrneville Elementary School, Inc., like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Byrneville Elementary School, Inc. are governmental funds.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a schools near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the school's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Byrneville Elementary School, Inc. maintains four governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund.

See the table of contents for the location of the basic governmental fund financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. See the table of contents for the location of the notes to the financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Byrneville Elementary School, Inc.'s budgetary and pension information. See the table of contents for the location of the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a school's financial position. In the case of Byrneville Elementary School, Inc., assets exceeded liabilities by \$149,248 at the close of the most recent fiscal year.

A portion of Byrneville Elementary School, Inc.'s net position in the most recent fiscal year reflects its investment in capital assets (e.g., buildings, furniture, fixtures, equipment and software), less any related debt used to acquire those assets that is still outstanding. Byrneville Elementary School, Inc. uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although Byrneville Elementary School, Inc.'s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Statement of Net Position

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 659,330	\$ 505,584
Capital assets	<u>138,274</u>	<u>152,074</u>
Total assets	<u>797,604</u>	<u>657,658</u>
Deferred outflows	<u>291,790</u>	<u>273,188</u>
Current liabilities	91,010	99,529
Noncurrent liabilities outstanding	<u>780,933</u>	<u>409,611</u>
Total liabilities	<u>871,943</u>	<u>509,140</u>
Deferred inflows	<u>68,203</u>	<u>413,226</u>
Net position:		
Net investment in capital assets	138,274	152,074
Unrestricted	<u>10,974</u>	<u>(143,594)</u>
Total net position	<u>\$ 149,248</u>	<u>\$ 8,480</u>

Governmental activities. Governmental activities increased Byrneville Elementary School, Inc.'s net position by \$140,768. The increase in net position in the current year is primarily due to increased enrollment and a decrease in operating costs.

**BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 5,054	\$ 4,979
Operating grants and contributions	262,167	170,333
General revenues:		
Escambia County School District	1,368,763	1,171,403
Miscellaneous revenues	44,064	49,121
Unrestricted investment earnings	563	671
Total revenues	<u>1,680,611</u>	<u>1,396,507</u>
Expenses:		
Basic instruction	983,386	1,002,022
General support services	569	5,063
School administration	162,882	170,118
Facilities acquisition and construction	1,080	1,080
Fiscal services	18,352	15,927
Food services	5,054	4,979
Pupil personnel services	1,265	-
Pupil transportation services	87,123	76,947
Operation of plant	214,196	287,396
Central services	65,936	57,976
Total expenses	<u>1,539,843</u>	<u>1,621,508</u>
Increase (decrease) in net position	140,768	(225,001)
Net position , beginning of year	<u>8,480</u>	<u>233,481</u>
Net position , end of year	<u>\$ 149,248</u>	<u>\$ 8,480</u>

Financial Analysis of the Government's Funds

As noted earlier, Byrneville Elementary School, Inc. uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Byrneville Elementary School, Inc.'s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Byrneville Elementary School, Inc.'s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a school's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of Byrneville Elementary School, Inc. As of the end of the current fiscal year, Byrneville Elementary School, Inc.'s general fund reported an ending fund balance of \$556,041, an increase of \$162,265 in comparison with the prior year. 100% of this total amount constitutes *unassigned fund balance*, which is available for spending at the School's discretion. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 44% of total general fund expenditures.

**BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

General Fund Budgetary Highlights

The original budget was amended to reflect changes in expected revenues and expenditures.

Capital Asset and Debt Administration

Capital assets. Byrneville Elementary School, Inc.'s investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$138,274 (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture, fixtures, equipment and software.

Additional information on Byrneville Elementary School, Inc.'s capital assets can be found in Note 3 on pages 19-20 of this report.

Long-term liabilities. At the end of the current fiscal year, Byrneville Elementary School, Inc. had long term liabilities outstanding of \$40,720 related to compensated absences and \$740,213 related to the net pension liability.

Additional information on Byrneville Elementary School, Inc.'s long-term debt can be found in Note 4 on page 20 of this report.

Economic Factors and Next Year's Budgets and Rates

The School is expecting an increase in enrollment for the 2023-2024 school year.

Factor above were not considered in preparing Byrneville Elementary School, Inc.'s budget for the 2023-2024 fiscal year as they are not expecting to see a change in funding until midyear. The 2023-2024 budget is based on 2022-2023 funding.

Requests for Information

This financial report is designed to provide a general overview of Byrneville Elementary School, Inc.'s finances for all those with an interest in the school's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Byrneville Elementary School, Inc., 1600 Byrneville Road, Century, Florida 32535-3640.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 438,778
Certificate of deposit	175,706
Grant receivable	37,216
Prepaid items	7,630
Capital assets, being depreciated, net	138,274
Total assets	<u><u>\$ 797,604</u></u>
<u>DEFERRED OUTFLOWS</u>	
Related to changes in the net pension liability	<u><u>\$ 291,790</u></u>
<u>LIABILITIES</u>	
Accounts payable and accrued expenses	\$ 91,010
Noncurrent liabilities:	
Due within one year	23,669
Due in more than one year	17,051
Net pension liability	740,213
Total liabilities	<u><u>\$ 871,943</u></u>
<u>DEFERRED INFLOWS</u>	
Related to changes in the net pension liability	<u><u>\$ 68,203</u></u>
<u>NET POSITION</u>	
Net investment in capital assets	\$ 138,274
Unrestricted	10,974
Total net position	<u><u>\$ 149,248</u></u>

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

**BYRNEVILLE ELEMENTARY SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
Functions/Programs	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
			GOVERNMENTAL ACTIVITIES
Governmental activities:			
Basic instruction	\$ 983,386	\$ -	\$ 262,167
General support services	569	-	-
School administration	162,882	-	-
Facilities acquisition and construction	1,080	-	-
Fiscal services	18,352	-	-
Food services	5,054	5,054	-
Pupil personnel services	1,265	-	-
Pupil transportation services	87,123	-	-
Operation of plant	214,196	-	-
Central services	65,936	-	-
Total governmental activities	\$ 1,539,843	\$ 5,054	\$ 262,167
		General revenues:	
		Escambia County School District	1,368,763
		Miscellaneous revenues	44,064
		Investment earnings	563
		Total general revenues	1,413,390
		Change in net position	140,768
		Net position, beginning of year	8,480
		Net position, end of year	\$ 149,248

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

BYRNEVILLE ELEMENTARY SCHOOL, INC.
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Cares Act Fund	Other Governmental Fund	Total Governmental Fund
ASSETS				
Cash and cash equivalents	\$ 438,778	\$ -	\$ -	\$ 438,778
Certificate of deposit	175,706	-	-	175,706
Prepays	7,630	-	-	7,630
Due from other funds	24,078	-	-	24,078
Grant receivable	859	36,357	-	37,216
Total Assets	\$ 647,051	\$ 36,357	\$ -	\$ 683,408
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 91,010	\$ -	\$ -	\$ 91,010
Due to other funds	-	24,078	-	24,078
Total Liabilities	91,010	24,078	-	115,088
Fund Balance:				
Nonspendable				
Prepaid items	7,630	-	-	7,630
Unassigned	548,411	12,279	-	560,690
Total Fund Balance	556,041	12,279	-	568,320
Total Liabilities and Fund Balances	\$ 647,051	\$ 12,279	\$ -	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	138,274
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(40,720)
Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the funds.	(516,626)
Net position of governmental activities	\$ 149,248

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

**BYRNEVILLE ELEMENTARY SCHOOL, INC.
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Cares Act Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Intergovernmental				
Florida education finance program	\$ 1,363,670	\$ -	\$ -	\$ 1,363,670
Federal through state	-	227,753	39,468	267,221
State through local	5,093	-	-	5,093
Local	33,299	-	10,765	44,064
Interest income	563	-	-	563
Total revenues	<u>\$ 1,402,625</u>	<u>\$ 227,753</u>	<u>\$ 50,233</u>	<u>\$ 1,680,611</u>
Expenditures				
Basic instruction	706,209	227,753	42,996	976,958
Pupil personnel services	1,265	-	-	1,265.00
General support services	569	-	-	569
School administration	162,024	-	-	162,024
Fiscal services	18,352	-	-	18,352
Pupil transportation service	83,943	-	-	83,943
Operation of plant	209,299	-	-	209,299
Central services	65,936	-	-	65,936
Total expenditures	<u>1,247,597</u>	<u>227,753</u>	<u>42,996</u>	<u>1,518,346</u>
Excess of revenues over expenditures	<u>155,028</u>	<u>-</u>	<u>7,237</u>	<u>162,265</u>
Other financing sources (uses)				
Transfers in (out)	7,237	-	(7,237)	-
Total other financing sources (uses)	<u>7,237</u>	<u>-</u>	<u>(7,237)</u>	<u>-</u>
Net change in fund balances	162,265	-	-	162,265
Fund balances, beginning of year	393,776	12,279	-	406,055
Fund balances, end of year	<u>\$ 556,041</u>	<u>\$ 12,279</u>	<u>\$ -</u>	<u>\$ 568,320</u>

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

**BYRNEVILLE ELEMENTARY SCHOOL, INC.
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

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

Net change in fund balances-total governmental funds	\$	162,265
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlay	\$	-
Depreciation expense		(13,800)
		(13,800)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in:		
Compensated absences		(1,741)
Net pension liability		(369,581)
Deferred outflows related to net pension liability		18,602
Deferred inflows related to net pension liability		345,023
Change in net position of governmental activities	\$	140,768

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

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of Byrneville Elementary School, Inc. (the “School”), which affect significant elements of the accompanying basic financial statements:

(a) **Description of government wide financial statements**—The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities are normally supported by intergovernmental revenues, and other nonexchange transactions.

(b) **Reporting entity**—Byrneville Elementary School, Inc. was created on June 7, 2002, to operate as a charter school under Florida Statutes. The School entered into a contract with The School Board of Escambia County, Florida (“Sponsor”) to provide an educational program for elementary school students in grades kindergarten through fifth. The School receives a majority of its funding through the Sponsor based on a formula of student attendance which is identical to that of other Escambia County, Florida public elementary schools. The current charter is effective until June 30, 2030 and may be renewed, based on academic performance, by mutual agreement between the School and the Sponsor. At the end of the term of the charter, the Sponsor may choose not to renew the charter under grounds specified in the charter, in which case the Sponsor 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 Sponsor may also terminate the charter if good cause is shown. Byrneville Elementary School, Inc. is considered a component unit of the Sponsor.

(c) **Basis of presentation – government-wide financial statements**—While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

(d) **Basis of presentation – fund financial statements**—The fund financial statements provide information about the government’s funds. Separate statement for the fund category, governmental, is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School reports the following major governmental funds:

General Fund—The general fund is used to record the general operations of the School pertaining to education and those operations not provided for in other funds.

CARES Fund—The CARES fund is used to record the receipt of CARES Act grants and related expenditures.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Basis of presentation – fund financial statements** (Continued)

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

(e) **Measurement focus and basis of accounting**—The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Amounts reported as program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Items not properly included among program revenues, such as monies received from The School Board of Escambia County, Florida, are reported as general revenues.

All governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for Federal, state, and other grant resources, revenue is recognized at the time the expenditure is made.

Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. The principal exceptions to this are: principal and interest on general long-term debt, which are recorded as expenditures only when payment is due.

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The budgetary process is prescribed by provisions of the laws of Florida and requires the governing board to adopt an operating budget each year. The School's governing board satisfied these

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Measurement focus and basis of accounting** (Continued)

requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenues and expenditures primarily resulting from events unknown at the time of budget adoption.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

(f) **Assets, liabilities, and net position/fund balance**

(i) **Deposits and certificates of deposit**—Cash and cash equivalents include amounts in demand deposits as well as certificates of deposit that are readily convertible to known amounts of cash. Certificates of deposit with original maturities of three months or less are considered to be cash equivalents.

(ii) **Prepaid items**—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

(iii) **Capital assets**—Capital assets are defined by the School as assets with an initial individual cost of \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair market values at the date of donation. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset’s life is not capitalized.

Property, plant and equipment of the School is depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Improvements other than buildings	10 - 15 years
Leasehold improvements	7 - 20 years
Furniture, fixtures and equipment	2 - 15 years
Motor vehicles	5 - 10 years
Computer hardware and software	3 - 5 years

(iv) **Long-term obligations**—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Assets, liabilities, and net position/fund balance** (Continued)

(v) **Use of estimates**—The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

(vi) **Net position flow assumption**—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

(vii) **Fund balance flow assumptions**—Sometimes the School will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(viii) **Fund balance policies**—The School follows GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a school’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted fund balance—includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance—includes amounts that can be used only for the specific purposes determined by a formal action of the School’s highest level of decision-making authority. The School Board is the highest level of decision-making authority for the School that can, by passing a motion prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:** (Continued)

(f) **Assets, liabilities, and net position/fund balance** (Continued)

Assigned fund balance—including amounts that are intended to be used by the School for specific purposes but do not meet the criteria to be classified as committed. The School Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

(ix) **Deferred outflows/inflows of resources**—In addition to assets and liabilities, the statement of financial position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectfully. These separate financial statement elements, deferred outflows/inflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow/inflow of resources (expense/expenditure or revenue) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note 3 (d).

(x) **Pensions**—For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deductions from FRS fiduciary net position have been determined on the same basis as they are reported by FRS respectfully. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(g) **Revenues and expenditures/expenses**

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

(h) **New Accounting Pronouncements**—GASB Statement No. 96, Subscription-Based Information Technology Arrangements provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The School has considered the impact of this new accounting standard and determined that there was no impact on the financial statements related to implementation.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements provides guidance on the accounting and financial reporting for Public-private and public-public partnership arrangements. The School has considered the impact of this new accounting standard and determined that there was no impact on the financial statements related to implementation.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(2) **Deposits:**

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School's deposits may not be returned. At year end, the carrying amount of the School's deposits was \$614,484 and the bank balance was \$667,779. Of the bank balance, \$250,000 was covered by Federal depository insurance at each institution or by collateral held by the School's custodial bank which is pledged to a state trust fund that provides security for amounts held in excess of FDIC coverage in accordance with the Florida Security for Deposits Act Chapter 280, Florida Statutes.

The Florida Security for Public Deposits Act established guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements and characteristics of eligible collateral.

The carrying amount of deposits consisted of the following as of June 30, 2023:

Cash and cash equivalents	\$	438,778
Certificate of deposit		175,706
		\$ 614,484

(3) **Capital Assets:**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, being depreciated:				
Improvements other than building	\$ 103,557	\$ -	\$ -	\$ 103,557
Leasehold improvements	132,125	-	-	132,125
Furniture, fixtures and equipment	310,171	-	-	310,171
Motor vehicles	109,041	-	-	109,041
Computer hardware and software	38,734	-	-	38,734
Total capital assets, being depreciated	693,628	-	-	693,628
Less accumulated depreciation:				
Improvements other than building	(70,379)	(2,816)	-	(73,195)
Leasehold improvements	(38,927)	(5,113)	-	(44,040)
Furniture, fixtures and equipment	(298,251)	(2,691)	-	(300,942)
Motor vehicles	(95,263)	(3,180)	-	(98,443)
Computer hardware and software	(38,734)	-	-	(38,734)
Total accumulated depreciation	(541,554)	(13,800)	-	(555,354)
Capital assets, net	\$ 152,074	\$ (13,800)	\$ -	\$ 138,274

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(3) **Capital Assets:** (Continued)

Capital assets are used for multiple functions within the School and depreciation expense of \$13,800 was charged to governmental functions as follows:

Basic Instruction	\$	3,785
Facilities acquisition and construction		1,080
Operation of plant		4,897
Pupil transportation		3,180
School administration		858
		\$ 13,800

(4) **Long-term liability:**

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>July 01, 2022</u>	<u>Additions</u> <u>(Deletions)</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due</u> <u>within one</u> <u>year</u>
Compensated absences	\$ 38,979	\$ 1,741	\$ 40,720	\$ 23,669

(5) **Significant Funding Source:**

The School receives a substantial amount of its funding from the State of Florida. These funds are distributed to the School by The School Board of Escambia County, Florida. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the School's programs and activities.

(6) **Risk Management:**

Automobile liability, general liability, property, employee bond, and workers' compensation coverages are being provided through purchased commercial insurance with minimum deductibles for each line of coverage. Settled claims resulting from these risks have not exceeded commercial coverage for the last three years.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(7) Florida Retirement System:

Plan Description and Administration

The School participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the School's full-time employees. The System is a noncontributory retirement plan, administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the School are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$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 can include Medicare.

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both Plans may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(7) **Florida Retirement System:** (Continued)

Benefits Provided and Employees Covered (Continued)

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
 Division of Retirement, Research and Education Services
 P.O. Box 9000
 Tallahassee, FL 32315-9000
 850-488-5706 or toll free at 877-377-1737

Contributions

The School participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at June 30, 2021, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2022	After June 30, 2022
Regular Class	10.82%	11.91%
DROP	18.34%	18.60%
Senior Management	29.01%	31.57%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, included in the above rates.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(7) **Florida Retirement System:** (Continued)

Actual contributions made for School employees participating in FRS and HIS for the plan year ended June 30, 2023, were as follows:

School Contributions – FRS	\$	60,961
School Contributions – HIS		11,920
Employee Contributions – FRS		21,542

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

At June 30, 2023, the School reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 531,558
HIS	208,655
Total	\$ 740,213

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2023 and June 30, 2022, the School's proportionate share of the FRS and HIS net pension liabilities were as follows:

Plan	2023	2022
FRS	0.001428611%	0.001436618%
HIS	0.001970001%	0.002136811%

For the plan year ended June 30, 2023, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	88,524
HIS		14,284
Total	\$	102,808

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(7) **Florida Retirement System:** (Continued)

Deferred outflows/inflows related to pensions:

At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,246	\$ -	\$ 6,333	\$ (918)
Changes of assumptions	65,464	-	11,960	(32,279)
Net different between projected and actual investment earnings	35,099	-	302	-
Change in proportionate share	52,181	(13,291)	19,320	(21,715)
Contributions subsequent to measurement date	64,114	-	11,771	-
	\$ 242,104	\$ (13,291)	\$ 49,686	\$ (54,912)

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

The above amounts for deferred outflows of resources for contributions related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

Year Ended June 30,	Amount
2024	\$ 42,885
2025	20,156
2026	(3,338)
2027	93,610
2028	(2,404)
Thereafter	(3,207)
Total	\$ 147,702

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(7) **Florida Retirement System:** (Continued)

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation 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 was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal 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 investments is 6.80%. This rate is the same as the prior year rate. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 2.21%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2020, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.6%
Fixed income	19.8%	4.4%
Global equities	54.0%	8.8%
Real estate	10.3%	7.4%
Private equity	11.1%	12.0%
Strategic investments	3.8%	6.2%
Total	<u>100.0%</u>	

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(7) **Florida Retirement System:** (Continued)

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the entity calculated using the current discount rates, as well as what the entity's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.70%	\$ 919,293	\$ 531,558	\$ 207,365
HIS	3.54%	238,718	208,655	183,778

(8) **Contingent Liabilities:**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally Federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantors cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

(9) **Income Taxes:**

The School is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The School files income tax returns in the U.S. Federal jurisdiction. The School's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

The School has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the School.

(10) **Subsequent Events:**

The School has evaluated events and transactions for potential recognition or disclosure in the financial statements through August 29, 2023, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(11) **Recent Accounting Pronouncements:**

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the School’s financial statements:

GASB issued Statement No. 101, Compensated Absences, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

(12) **Interfund Transfer:**

The composition of interfund transfers as of June 30, 2023, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Other Governmental Fund	\$ 7,237

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023

BYRNEVILLE ELEMENTARY SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
Florida education finance program	\$ 1,297,734	\$ 1,159,210	\$ 1,363,670	\$ 204,460
Federal through state	195,891	195,891	-	(195,891)
State through local	33,402	30,176	5,093	(25,083)
Local	45,836	56,172	33,299	(22,873)
Interest income	563	600	563	(37)
Total revenues	<u>1,573,426</u>	<u>1,442,049</u>	<u>1,402,625</u>	<u>(39,424)</u>
Expenditures				
Basic instruction	1,424,260	1,350,714	706,209	644,505
Pupil personnel services	1,265	828	1,265	(437)
General support services	569	600	569	31
School administration	156,190	168,675	162,024	6,651
Fiscal services	18,165	16,000	18,352	(2,352)
Pupil transportation services	83,943	88,610	83,943	4,667
Operation of plant	207,676	138,190	209,299	(71,109)
Central services	-	-	65,936	(65,936)
Total expenditures	<u>1,892,068</u>	<u>1,763,617</u>	<u>1,247,597</u>	<u>516,020</u>
Deficiency of revenues under expenditures	<u>(318,642)</u>	<u>(321,568)</u>	<u>155,028</u>	<u>476,596</u>
Other financing uses				
Transfers in (out)	-	7,237	7,237	-
Total other financing sources (uses)	<u>-</u>	<u>7,237</u>	<u>7,237</u>	<u>-</u>
Net change in fund balance	<u>(318,642)</u>	<u>(314,331)</u>	<u>162,265</u>	<u>476,596</u>
Fund balance, beginning of year	393,776	393,776	393,776	-
Fund balance, end of year	<u>\$ 75,134</u>	<u>\$ 79,445</u>	<u>\$ 556,041</u>	<u>\$ 476,596</u>

The accompanying notes to required supplementary
information is an integral part of this schedule.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - CARES FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
Federal through state	\$ 195,891	\$ 195,891	\$ 227,753	\$ 31,862
Total revenues	<u>195,891</u>	<u>195,891</u>	<u>227,753</u>	<u>31,862</u>
Expenditures				
Basic instruction	517,459	517,459	227,753	289,706
Total expenditures	<u>517,459</u>	<u>518,287</u>	<u>227,753</u>	<u>290,534</u>
Net change in fund balance	<u>(321,568)</u>	<u>(322,396)</u>	<u>-</u>	<u>322,396</u>
Fund balance, beginning of year	12,279	12,279	12,279	-
Fund balance, end of year	<u>\$ (309,289)</u>	<u>\$ (310,117)</u>	<u>\$ 12,279</u>	<u>\$ 322,396</u>

The accompanying notes to required supplementary
information is an integral part of this schedule.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

(1) **Summary of Significant Accounting Policies:**

The Statements of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual are presented using the School’s budget format for the General Fund and CARES Fund.

(2) **Budgetary Basis of Accounting:**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted for the entire operations at the combined governmental level and may be amended by the Board of Directors (the “Board”). The budget presented for fiscal year ended June 30, 2023, has been amended.

Budgets are presented on the modified accrual basis of accounting.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS

	As of the Plan Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.001428611%	0.001436618%	0.001205456%	0.001297237%	0.001296591%	0.001205641%	0.001031710%	0.001167974%	0.001089577%	0.001089577%
Proportionate share of the net pension liability	\$ 531,558	\$ 108,520	\$ 522,462	\$ 446,750	\$ 390,540	\$ 356,621	\$ 260,508	\$ 150,861	\$ 66,480	\$ 66,480
Covered payroll	718,082	756,638	707,547	712,333	666,348	666,215	605,049	524,958	512,760	512,760
Proportionate share of the net pension liability as a percentage of covered payroll	74.02%	14.34%	73.84%	62.72%	58.61%	53.53%	43.06%	28.74%	12.97%	12.97%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%	96.09%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.001970001%	0.002136811%	0.002038215%	0.002129467%	0.002039707%	0.001898234%	0.001700463%	0.001690167%	0.001699159%	0.001699159%
Proportionate share of the net pension liability	\$ 208,655	\$ 262,112	\$ 248,863	\$ 238,266	\$ 215,885	\$ 202,968	\$ 198,182	\$ 172,371	\$ 158,876	\$ 158,876
Covered payroll	718,082	756,638	707,547	712,333	666,348	666,215	605,049	524,958	512,760	512,760
Proportionate share of the net pension liability as a percentage of covered payroll	29.06%	34.64%	35.17%	33.45%	32.40%	30.47%	32.75%	32.84%	30.98%	30.98%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	As of the Plan Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)									
Contractually required contribution	\$ 66,128	\$ 54,729	\$ 40,052	\$ 40,224	\$ 36,952	\$ 41,705	\$ 35,456	\$ 29,398	\$ 31,329
Contributions in relation to the contractually required contribution	(66,128)	(54,729)	(40,052)	(40,224)	(36,952)	(41,705)	(35,456)	(29,398)	(31,329)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 718,082	\$ 756,638	\$ 707,547	\$ 712,333	\$ 666,348	\$ 666,215	\$ 605,049	\$ 524,958	\$ 512,760
Contributions as a percentage of covered payroll	9.21%	7.23%	5.66%	5.65%	5.55%	6.26%	5.86%	5.60%	6.11%
Health Insurance Subsidy Program (HIS)									
Contractually required contribution	\$ 12,746	\$ 12,560	\$ 11,745	\$ 11,825	\$ 11,061	\$ 11,059	\$ 10,044	\$ 8,714	\$ 6,461
Contributions in relation to the contractually required contribution	(12,746)	(12,560)	(11,745)	(11,825)	(11,061)	(11,059)	(10,044)	(8,714)	(6,461)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 718,082	\$ 756,638	\$ 707,547	\$ 712,333	\$ 666,348	\$ 666,215	\$ 605,049	\$ 524,958	\$ 512,760
Contributions as a percentage of covered payroll	1.78%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.26%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**INDEPENDENT AUDITORS' 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,
Byrneville Elementary School, Inc.:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Byrneville Elementary School, Inc. (a component unit of The School Board of Escambia County, Florida), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Byrneville Elementary School, Inc.'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 Byrneville Elementary School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Byrneville Elementary School, Inc.'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in below as item 2023-001, that we consider to be a material weakness.

Finding 2023-001: Segregation of Duties

Criteria: Internal controls are designed to safeguard assets and help prevent or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: The size of the School's accounting staff precludes certain internal controls that would be preferred. We believe that certain practices could be implemented to improve existing internal control without impairing efficiency.

Cause: The size of the School's accounting and administrative staff precludes certain internal controls that would be preferred, namely segregation of custody of assets and recording duties.

Effect: Errors or material misstatements in the financial statements presented to the board by management may exist and not be detected.

Recommendation: We recommend management develop compensating controls.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Byrneville Elementary School, Inc.'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*.

Byrneville Elementary School, Inc.'s Response to Finding

Byrneville Elementary School, Inc.'s response to the finding identified in our audit is described in the accompanying corrective action plan. Byrneville Elementary School, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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



Tallahassee, Florida
August 29, 2023



**MANAGEMENT LETTER OF INDEPENDENT AUDITORS
REQUIRED BY CHAPTER 10.850, RULES OF THE STATE OF FLORIDA, OFFICE OF THE
AUDITOR GENERAL**

To the Board of Directors,
Byrneville Elementary School, Inc.:

Report on the Financial Statements

We have audited the financial statements of Byrneville Elementary School, Inc. (a component unit of The School Board of Escambia County, Florida), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated August 29, 2023.

Auditors’ Responsibility

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 and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated August 29, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted in the table below.

Tabulation of Uncorrected Audit Findings			
Description	Current Year Finding #	2021-22 FY Finding #	2020-21 FY Finding #
Segregation of Duties	2023-001	2022-001	2021-001

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 and the school code assigned by the Florida Department of Education are Byrneville Elementary School, Inc. and school code; 170161.

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 to communicate whether or not Byrneville Elementary School, Inc. 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 Byrneville Elementary School, Inc. 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, require that we apply financial condition assessment procedures for Byrneville Elementary School, Inc.. It is management's responsibility to monitor Byrneville Elementary School, Inc.'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.

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 that we apply appropriate procedures to determine whether Byrneville Elementary School, Inc. maintained on its web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we noted the website was maintained in accordance with the aforementioned statute.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have 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 School Board of Escambia County, Florida, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida
August 29, 2023



1600 Byrneville Road
Century, Florida 32535

Phone (850)256-6350

Fax (850)256-6357

Principal Ashley Trawick

James Moore & Co. P.L.
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308

Corrective Action Plan

In response to **Finding 2023-001: Segregation of Duties** the school will reassign duties carried out by Lisa Anderson to reduce the phases of transactions she is responsible for. Mrs. Anderson will continue to record and process checks. After checks are processed, Mrs. Anderson will give them to the principal for review. Mrs. Anderson will no longer sign checks. Checks will now be signed by the principal and the lead teacher. The principal will give the checks to a member of the office staff other than Mrs. Anderson to mail. Mrs. Anderson will no longer mail checks. Once this is implemented, Mrs. Anderson will only record and process checks, the principal and lead teacher will sign checks, and another office staff member will mail checks.



Ashley Trawick, Principal



Lisa Anderson, Bookkeeper