

BYRNEVILLE ELEMENTARY SCHOOL, INC.
(A COMPONENT UNIT OF THE SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA)
FINANCIAL STATEMENTS
JUNE 30, 2020

BYRNEVILLE ELEMENTARY SCHOOL, INC.
TABLE OF CONTENTS
JUNE 30, 2020

	<u>Page Number(s)</u>
Independent Auditors’ Report	1 – 2
Management’s Discussion and Analysis	3 – 7
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Balance Sheet – Governmental Funds	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Notes to Financial Statements	13 – 27
Required Supplementary Information	28
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	29
Notes to Required Supplementary Information	30
Schedule of Proportionate Share of Net Pension Liability	31
Schedule of Contributions	32
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>	33 – 34
Management Letter of Independent Auditors Required by Chapter 10.850, Rules of the State of Florida, Office of the Auditor General	35 – 37
Corrective Action Plan	38

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Byrneville Elementary School, Inc. (a component unit of The School Board of Escambia County, Florida) as of and for the year ended June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

- 1 -

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Byrneville Elementary School, Inc. as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

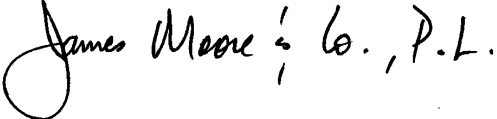
Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2020 on our consideration of Byrneville Elementary School, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

James Moore & Co., P.L.

Tallahassee, Florida
September 3, 2020

BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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, 2020.

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, 2020

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 two 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 \$504,836 at the close of the most recent fiscal year.

A portion of Byrneville Elementary School, Inc.'s net position (37 percent) 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, 2020**

Net Position

	2020	2019
Current and other assets	\$ 851,345	\$ 1,070,785
Capital assets	188,577	175,444
Prepaid Items	22,935	-
Total assets	1,062,857	1,246,229
Deferred outflows	272,431	294,605
Noncurrent liabilities outstanding	729,057	647,832
Other liabilities	49,189	35,295
Total liabilities	778,246	683,127
Deferred inflows	52,206	65,124
Net position:		
Net investment in capital assets	188,577	175,444
Unrestricted	316,259	617,139
Total net position	\$ 504,836	\$ 792,583

At the end of the current fiscal year, Byrneville Elementary School, Inc. is able to report positive balances in all categories of net position, as well as for the government as a whole.

Governmental activities. Governmental activities decreased Byrneville Elementary School, Inc.'s net position by \$287,747. The decrease in net position in the current year is primarily due to a decrease in student enrollment.

**BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Changes in Net Position

	<u>2020</u>	<u>2019</u>
Revenues:		
Program revenues:		
Charges for services	\$ 5,420	\$ 2,936
Operating grants and contributions	107,618	66,549
General revenues:		
Escambia County School District	1,299,737	1,362,535
Miscellaneous revenues	72,696	48,340
Unrestricted investment earnings	4,063	5,131
Total revenues	<u>1,489,534</u>	<u>1,485,491</u>
Expenses:		
Basic instruction	1,176,616	1,167,320
Health services	-	800
General support services	79,196	43,197
School administration	199,106	230,540
Facilities acquisition and construction	2,580	2,580
Fiscal services	14,355	14,235
Food services	5,420	3,212
Pupil transportation services	72,873	78,145
Operation of plant	162,147	161,716
Maintenance of plant	-	9
Central services	64,988	66,942
Total expenses	<u>1,777,281</u>	<u>1,768,696</u>
Increase (decrease) in net position	(287,747)	(283,205)
Net position , beginning of year	<u>792,583</u>	<u>1,075,788</u>
Net position , end of year	<u>\$ 504,836</u>	<u>\$ 792,583</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 \$825,091, a decrease of \$210,399 in comparison with the prior year. 97 percent 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 48% percent of total general fund expenditures.

**BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

General Fund Budgetary Highlights

The original budget was amended to reflect changes in expected 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, 2020, amounts to \$188,577 (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 2 b. on pages 18-19 of this report.

Long-term liabilities. At the end of the current fiscal year, Byrneville Elementary School, Inc. had long term liabilities outstanding of \$44,041 related to compensated absences and \$685,016 related to the net pension liability.

Additional information on Byrneville Elementary School, Inc.'s long-term debt can be found in Note 2 c. on page 19 of this report.

Economic Factors and Next Year's Budgets and Rates

The School is expecting a decrease in enrollment for the 2020-2021 school year.

Factor above was considered in preparing Byrneville Elementary School, Inc.'s budget for the 2020-2021 fiscal year.

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, 2020

	<u>Governmental Activities</u>
 <u>ASSETS</u> 	
Cash and cash equivalents	\$ 544,361
Certificates of deposit	306,984
Capital assets, being depreciated, net	188,577
Prepaid items	22,935
Total assets	<u><u>\$ 1,062,857</u></u>
 <u>DEFERRED OUTFLOWS</u> 	
Related to changes in the net pension liability	<u><u>\$ 272,431</u></u>
 <u>LIABILITIES</u> 	
Accounts payable and accrued expenses	\$ 49,189
Noncurrent liabilities:	
Due within one year	14,422
Due in more than one year	29,619
Net pension liability	685,016
Total liabilities	<u><u>\$ 778,246</u></u>
 <u>DEFERRED INFLOWS</u> 	
Related to changes in the net pension liability	<u><u>\$ 52,206</u></u>
 <u>NET POSITION</u> 	
Net investment in capital assets	\$ 188,577
Unrestricted	316,259
Total net position	<u><u>\$ 504,836</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, 2020**

	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	\$ 1,176,616	\$ -	\$ 76,813
General support services	79,196	-	6,929
School administration	199,106	-	-
Facilities acquisition and construction	2,580	-	23,876
Fiscal services	14,355	-	-
Food services	5,420	5,420	-
Pupil transportation services	72,873	-	-
Operation of plant	162,147	-	-
Central services	64,988	-	-
Total governmental activities	\$ 1,777,281	\$ 5,420	\$ 107,618
		General revenues:	
		Escambia County School District	1,299,737
		Miscellaneous revenues	72,696
		Investment earnings	4,063
		Total general revenues	1,376,496
		Change in net position	(287,747)
		Net position, beginning of year	792,583
		Net position, end of year	\$ 504,836

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

BYRNEVILLE ELEMENTARY SCHOOL, INC.
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund
ASSETS	
Cash and cash equivalents	\$ 544,361
Certificates of deposit	306,984
Prepaid	22,935
Total Assets	\$ 874,280
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued expenses	\$ 49,189
Fund Balance:	
Nonspendable	
Prepaid items	22,935
Unassigned	802,156
Total Fund Balance	825,091
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.	188,577
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(44,041)
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.	(464,791)
Net position of governmental activities	\$ 504,836

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, 2020**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Intergovernmental			
Florida education finance program	\$ 1,299,642	\$ 45,036	\$ 1,344,678
Federal through state	95	-	95
State through local	68,002	-	68,002
Local	72,696	-	72,696
Interest income	4,063	-	4,063
Total revenues	<u>\$ 1,444,498</u>	<u>\$ 45,036</u>	<u>\$ 1,489,534</u>
Expenditures			
Basic instruction	1,034,257	39,616	1,073,873
General support services	79,196	-	79,196
School administration	197,292	-	197,292
Fiscal services	14,355	-	14,355
Pupil transportation service	68,784	-	68,784
Operation of plant	156,025	-	156,025
Central services	64,988	-	64,988
Food services	-	5,420	5,420
Capital outlay	40,000	-	40,000
Total expenditures	<u>1,654,897</u>	<u>45,036</u>	<u>1,699,933</u>
Deficiency of revenues under expenditures	<u>(210,399)</u>	<u>-</u>	<u>(210,399)</u>
Fund balances, beginning of year	1,035,490	-	1,035,490
Fund balances, end of year	<u>\$ 825,091</u>	<u>\$ -</u>	<u>\$ 825,091</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, 2020**

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

Net change in fund balances-total governmental funds	\$	(210,399)
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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 capital outlay exceeded depreciation in the current period.

Capital outlay	\$	40,000	
Depreciation expense		<u>(26,867)</u>	
			13,133

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			(2,634)
Net pension liability			(78,591)
Deferred outflows related to net pension liability			(22,174)
Deferred inflows related to net pension liability			12,918

Change in net position of governmental activities	\$	<u><u>(287,747)</u></u>
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The accompanying notes to financial statements
are an integral part of this statement.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(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.

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.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

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 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.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

(e) **Budgetary information—**(Continued)

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
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.

(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.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

(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.

Assigned fund balance—includes 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.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

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

(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.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(2) **Detailed Notes on All Funds:**

(a) **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 \$851,345 and the bank balance was \$852,137. 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, 2020:

Cash and cash equivalents	\$	544,361
Certificates of deposits		306,984
		\$ 851,345

(b) **Capital Assets**—Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital assets, being depreciated:				
Improvements other than building	\$ 103,557	\$ -	\$ -	\$ 103,557
Leasehold improvements	92,125	40,000	-	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	653,628	40,000	-	693,628
Less accumulated depreciation:				
Improvements other than building	(56,474)	(6,170)	-	(62,644)
Leasehold improvements	(23,844)	(4,857)	-	(28,701)
Furniture, fixtures and equipment	(274,031)	(12,038)	-	(286,069)
Motor vehicles	(85,101)	(3,802)	-	(88,903)
Computer hardware and software	(38,734)	-	-	(38,734)
Total accumulated depreciation	(478,184)	(26,867)	-	(505,051)
Capital assets, net	\$ 175,444	\$ 13,133	\$ -	\$ 188,577

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(2) **Detailed Notes on All Funds:** (Continued)

(b) **Capital Assets**—(Continued)

Capital assets are used for multiple functions within the School and depreciation expense of \$26,867 was charged to governmental functions as follows:

Basic Instruction	\$	12,262
Facilities acquisition and construction		2,580
Operation of plant		6,122
Pupil transportation		4,089
School administration		1,814
		26,867
	\$	26,867

(c) **Long-term liability**—Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>July 01, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due</u> <u>within one</u> <u>year</u>
Compensated absences	\$ 41,407	\$ 16,194	\$ 13,560	\$ 44,041	\$ 14,422

(3) **Other Information:**

(a) **Concentrations**—The School maintains cash deposits with one bank. The School has no policy requiring collateral to support its cash deposits, although accounts at the bank are insured by the Federal Deposit Insurance Corporation up to FDIC limits.

(b) **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.

(c) **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, 2020

(3) **Other Information:** (Continued)

(d) **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, 2020

(3) **Other Information:** (Continued)

(d) **Florida Retirement System**—(Continued)

Benefits Provided and Employees Covered

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

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(3) **Other Information:** (Continued)

(d) **Florida Retirement System—**(Continued)

Contributions

The School participates in certain classes of FRS membership. Each class has descriptions and contribution rates in effect at June 30, 2020, as follows (contribution rates are in agreement with the actuarially determined rates):

FRS Membership Plan & Class	Through June 30, 2020
Regular Class	8.47%
DROP	14.60%
Senior Management	25.41%

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

Actual contributions made for School employees participating in FRS and HIS for the plan year ended June 30, 2020, were as follows:

School Contributions – FRS	\$ 40,224
School Contributions – HIS	11,825
Employee Contributions – FRS	21,370

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

At June 30, 2020, the School reported a net pension liability related to FRS and HIS as follows:

Plan	Net Pension Liability
FRS	\$ 446,750
HIS	238,266
Total	\$ 685,016

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(3) **Other Information:** (Continued)

(d) **Florida Retirement System—**(Continued)

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, 2019, 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, 2020 and June 30, 2019, the School's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2020</u>	<u>2019</u>
FRS	0.001297236%	0.001296591%
HIS	0.002129467%	0.002039707%

For the plan year ended June 30, 2020, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	115,941
HIS		27,208
Total	\$	<u>143,149</u>

Deferred outflows/inflows related to pensions:

At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	<u>FRS</u>		<u>HIS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 26,498	\$ (277)	\$ 2,894	\$ (292)
Changes of assumptions	114,745	-	27,589	(19,474)
Net different between projected and actual investment earnings	-	(24,717)	154	-
Change in proportionate share	28,360	(7,198)	33,667	(248)
Contributions subsequent to measurement date	30,056	-	8,468	-
	<u>\$ 199,659</u>	<u>\$ (32,192)</u>	<u>\$ 72,772</u>	<u>\$ (20,014)</u>

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(3) **Other Information:** (Continued)

(d) **Florida Retirement System—**(Continued)

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, 2020.

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:

2021	\$	51,635
2022		45,969
2023		43,744
2024		25,168
2025		10,219
Thereafter		4,966
Total	<u>\$</u>	<u>181,701</u>

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, 2003, 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 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.90%. This rate decreased from the prior year rate, which was 7.00%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 3.87%. 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.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(3) **Other Information:** (Continued)

(d) **Florida Retirement System** (Continued)

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 2019, 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%	3.3%
Fixed income	18.0%	4.1%
Global equities	54.0%	8.0%
Real estate	10.0%	6.7%
Private equity	11.0%	11.2%
Strategic investments	6.0%	5.9%
Total	<u>100.0%</u>	

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	6.90%	\$ 772,283	\$ 446,750	\$ 174,876
HIS	3.50%	271,993	238,266	210,175

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(3) **Other Information:** (Continued)

(e) **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.

During the year ending June 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while School management cannot quantify the financial and other impact to the School as of September 3, 2020, management believes that a material impact on the school's financial position and results of future operations is reasonably possible.

(f) **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.

(g) 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.

(h) **Subsequent Events**—The School has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 3, 2020 the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

(4) **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. 84, Fiduciary Activities, in January 2017. GASB 84 improves guidance regarding the identification and reporting of fiduciary activities. The provisions in GASB 84 are effective for periods beginning after December 15, 2019.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(4) **Recent Accounting Pronouncements:** (Continued)

GASB issued Statement No. 87, Leases, in June 2017. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

BYRNEVILLE ELEMENTARY SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<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	\$ 1,362,440	\$ 1,234,654	\$ 1,299,642	\$ 64,988
Federal through state	-	-	95	95
State through local	14,000	30,091	68,002	37,911
Local	50,000	72,696	72,696	-
Interest income	5,100	953	4,063	3,110
Total revenues	<u>1,431,540</u>	<u>1,338,394</u>	<u>1,444,498</u>	<u>106,104</u>
Expenditures				
Basic instruction	1,008,695	978,831	1,034,257	(55,426)
Pupil personnel services	3,000	3,000	-	3,000
Health services	800	800	-	800
General support services	40,800	79,210	79,196	14
School administration	219,710	197,170	197,292	(122)
Fiscal services	14,500	14,500	14,355	145
Pupil transportation services	61,750	68,787	68,784	3
Operation of plant	167,853	155,989	156,025	(36)
Central services	-	-	64,988	(64,988)
Capital outlay	-	40,000	40,000	-
Total expenditures	<u>1,517,108</u>	<u>1,538,287</u>	<u>1,654,897</u>	<u>(116,610)</u>
Deficiency of revenues under expenditures	<u>(85,568)</u>	<u>(199,893)</u>	<u>(210,399)</u>	<u>(10,506)</u>
Fund balance, beginning of year	1,035,490	1,035,490	1,035,490	-
Fund balance, end of year	<u>\$ 949,922</u>	<u>\$ 835,597</u>	<u>\$ 825,091</u>	<u>\$ (10,506)</u>

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

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

(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.

(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, 2020, 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,					
	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)						
Proportion of the net pension liability	0.001297237%	0.001296591%	0.001205641%	0.001031710%	0.001167974%	0.001089577%
Proportionate share of the net pension liability	\$ 446,750	\$ 390,540	\$ 356,621	\$ 260,508	\$ 150,861	\$ 66,480
Covered payroll	712,333	666,348	666,215	605,049	524,958	512,760
Proportionate share of the net pension liability as a percentage of covered payroll	62.72%	58.61%	53.53%	43.06%	28.74%	12.97%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy Program (HIS)						
Proportion of the net pension liability	0.002129467%	0.002039707%	0.001898234%	0.001700463%	0.001690167%	0.001699159%
Proportionate share of the net pension liability	\$ 238,266	\$ 215,885	\$ 202,968	\$ 198,182	\$ 172,371	\$ 158,876
Covered payroll	712,333	666,348	666,215	605,049	524,958	512,760
Proportionate share of the net pension liability as a percentage of covered payroll	33.45%	32.40%	30.47%	32.75%	32.84%	30.98%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	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,					
	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)						
Contractually required contribution	\$ 40,224	\$ 36,952	\$ 41,705	\$ 35,456	\$ 29,398	\$ 31,329
Contributions in relation to the contractually required contribution	(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>
Covered payroll	\$ 712,333	\$ 666,348	\$ 666,215	\$ 605,049	\$ 524,958	\$ 512,760
Contributions as a percentage of covered payroll	5.65%	5.55%	6.26%	5.86%	5.60%	6.11%
Health Insurance Subsidy Program (HIS)						
Contractually required contribution	\$ 11,825	\$ 11,061	\$ 11,059	\$ 10,044	\$ 8,714	\$ 6,461
Contributions in relation to the contractually required contribution	(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>
Covered payroll	\$ 712,333	\$ 666,348	\$ 666,215	\$ 605,049	\$ 524,958	\$ 512,760
Contributions as a percentage of covered payroll	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, 2020 and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated September 3, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

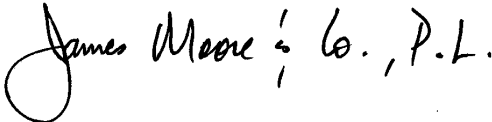
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

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".

Tallahassee, Florida
September 3, 2020

**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, 2020, and have issued our report thereon dated September 3, 2020.

Auditor’s 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 September 3, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Tabulation of Uncorrected Audit Findings		
Current year Finding No.	2018-19 FY Finding No.	2017-18 FY Finding No.
2020-001 Transparency	2019-001 Transparency	2018-001 Transparency

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.

Finding 2020-001 Transparency - In connection with our audit, we determined that the Byrneville Elementary School, Inc. did not include the School's most recent budget or display designated parent liaison on its website as required by Florida Statutes.

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.

Byrneville Elementary School, Inc.'s Response to Finding

Byrneville Elementary School, Inc.'s response to 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 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
September 3, 2020

BYRNEVILLE ELEMENTARY SCHOOL, INC.

1600 Byrneville Road

Century, FL 32535

Ph. (850) 256-6350

Fax (850) 256-6357

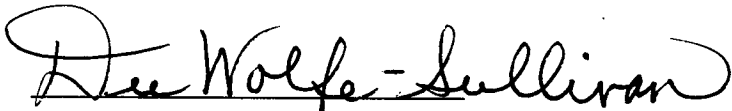
James Moore & Co. P.L.

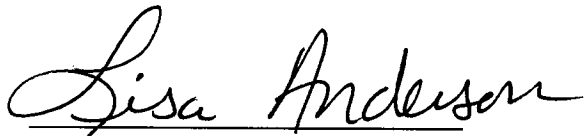
2477 Tim Gamble Place, Suite 200

Tallahassee, FL 32308

Corrective Action Plan

Finding 2020-001 Transparency – The School will update the website with a link to the complete 2019-2020 audit. Procedures will be implemented to ensure timely updates.


Dee Wolfe-Sullivan, Principal


Lisa Anderson, Bookkeeper