

**BYRNEVILLE ELEMENTARY SCHOOL, INC.
(A COMPONENT UNIT OF THE SCHOOL BOARD OF
ESCAMBIA COUNTY, FLORIDA)**

FINANCIAL STATEMENTS

JUNE 30, 2026

BYRNEVILLE ELEMENTARY SCHOOL, INC.
TABLE OF CONTENTS
JUNE 30, 2026

	<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 – 26
Required Supplementary Information	27
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund	28
Notes to Required Supplementary Information	29
Schedule of Proportionate Share of Net Pension Liability	30
Schedule of Contributions	31
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>	32 – 33
Management Letter of Independent Auditors Required by Chapter 10.850, Rules of the State of Florida, Office of the Auditor General	34 – 36
Management's Response to Findings/Recommendation's	37

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 and each major fund, and the aggregate remaining fund information of Byrneville Elementary School, Inc. (the School), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, and aggregate remaining fund information of the School, as of June 30, 2026, 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* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The School'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 the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and GAS 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 and GAS, we:

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

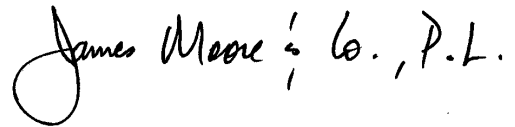
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 20, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive, flowing style. The first part, "James Moore", is written in a larger, more prominent script, followed by "& Co., P.L." in a slightly smaller, more compact script.

Tallahassee, Florida
August 20, 2026

**BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2026**

This discussion and analysis (MD&A) of Byrneville Elementary School, Inc.'s (the "School") financial condition provides an overview of financial activity, identifies changes in financial position and assists the reader in focusing on significant financial issues. The primary purpose of the School is to provide an educational program for approximately 195 students, compared to 193 in the prior fiscal year. It is important to the long-term existence of the School to maintain its financial health. Net position is accumulated only to the extent required to ensure that there are sufficient reserve funds for future operations and for new capital needs.

The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- The School's governmental funds reported combined ending fund balances of \$853,965.
- The School's net position was \$238,551 at June 30, 2026.
- Total governmental fund expenditures exceeded revenues by \$12,837.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise 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 the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School'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 the School 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 (e.g., uncollected funding).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by school board, state, and federal funding (governmental activities) and charges for services from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of The School include basic instruction, general support services, school administration, facilities acquisition and construction, fiscal services, pupil transportation services, operation of plant, maintenance of plant, and central services.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2026
(Continued)

The government-wide financial statements include only the School itself, which is a component unit of the Escambia County School Board. The Escambia County School Board includes the operations of the School in their operations.

The government-wide financial statements can be found on pages 9 and 10 of this report.

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. The School, like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

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 government's 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 government'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 fund and governmental activities.

The School maintains two individual funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The general fund is not restricted by an outside source and can be used to fund general activities. The special revenue fund is restricted for Title I and can be used to fund those activities.

The School adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 - 13 of this report.

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. The notes to the financial statements can be found starting on page 14 of this report.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2026
(Continued)

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide data about net position and changes in net position as of and for the years ended June 30, 2026 and 2025.

Net Position

	<u>2026</u>	<u>2025</u>
Current and other assets	\$ 955,805	\$ 963,400
Capital assets	114,597	124,500
Total assets	<u>1,070,402</u>	<u>1,087,900</u>
Deferred outflows	<u>225,762</u>	<u>280,853</u>
Current liabilities	101,840	96,598
Noncurrent liabilities outstanding	<u>797,417</u>	<u>960,441</u>
Total liabilities	<u>899,257</u>	<u>1,057,039</u>
Deferred inflows	<u>158,356</u>	<u>96,391</u>
Net position:		
Net investment in capital assets	114,597	124,500
Unrestricted	<u>123,954</u>	<u>90,823</u>
Total net position	<u><u>\$ 238,551</u></u>	<u><u>\$ 215,323</u></u>

Changes in Net Position

	<u>2026</u>	<u>2025</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 41,961	\$ 162,667
Charges for services	82,844	-
General revenues:		
Escambia County School District	1,684,935	1,636,794
Miscellaneous revenues	16,571	27,676
Unrestricted investment earnings	<u>28,520</u>	<u>5,660</u>
Total revenues	<u>1,854,831</u>	<u>1,832,797</u>
Expenses:		
Basic instruction	1,120,767	1,109,154
General support services	96	559
School administration	204,735	193,178
Facilities acquisition and construction	1,080	1,080
Fiscal services	24,505	23,050
Pupil transportation services	113,266	69,048
Operation of plant	197,900	224,082
Maintenance of plant	-	1,029
Central services	84,054	78,150
Student activity	<u>85,200</u>	<u>-</u>
Total expenses	<u>1,831,603</u>	<u>1,699,330</u>
Increase (decrease) in net position	<u>23,228</u>	<u>133,467</u>
Net position, beginning of year	<u>215,323</u>	<u>81,856</u>
Net position, end of year	<u><u>\$ 238,551</u></u>	<u><u>\$ 215,323</u></u>

BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2026
(Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets did exceed liabilities by \$238,551 at the close of the most recent fiscal year. Additionally, non-current liabilities decreased by \$163,024, mostly due to a change in the net pension liability during fiscal year 2026. The \$23,228 increase in net position is primarily attributed to an increase in FEFP funding and charges for services for the School during the 2026 fiscal year. The School also saw a \$120,706 decrease in operating grants and contributions in the current year, due to exhausted eligibility of ESSER grant funding in the prior year.

As a result of the current fiscal year operations, the School is reporting an increase of \$33,131 in unrestricted net position from governmental activities based on operating activities. The School is reporting a decrease in the current year of \$9,903 in net investment in capital assets. This decrease is related to depreciation of capital assets.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The fund financial statements provide detailed information about the most significant funds – not the School as a whole. Some funds are required to be established by State law. However, management may establish various funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other monies that it receives.

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

As of the end of the current fiscal year, the School's governmental funds reported combined ending fund balance of \$853,965.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was \$853,965, a decrease of \$12,837 from the prior year. The total general fund balance decreased by \$12,837 during the current fiscal year. There were no significant changes in general fund activity compared to the prior fiscal year.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Long-term liabilities—Information on the School's long-term liabilities can be found in Note 4, see table of contents for notes to the financial statements.

Capital assets—At June 30, 2026, the School had \$114,597 invested in capital assets (net of depreciation), including building and leasehold improvements, furniture, fixtures, and equipment, vehicles, and computer software.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2026
(Continued)

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The economic position of the School for general operating is closely tied to that of the State. The formula for determining funding for education is set by Statute. State funds to charter schools are provided primarily by legislative appropriations from the State's general revenue funds under the Florida Education Finance Program (FEFP), and the State funding for operations is primarily from sales, gasoline, and corporate income taxes. Additionally, the level of tourism in the State heavily influences the amount of taxes collected. Significant changes in State revenue collections could directly impact future School revenue allocations.

REQUEST 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, FL 32535.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
STATEMENT OF NET POSITION
JUNE 30, 2026

	<u>Governmental Activities</u>
 <u>ASSETS</u>	
Cash and cash equivalents	\$ 451,681
Certificates of deposit	500,000
Interest receivable	4,124
Capital assets, being depreciated, net	114,597
Total assets	<u>\$ 1,070,402</u>
 <u>DEFERRED OUTFLOWS</u>	
Related to changes in the net pension liability	<u>\$ 225,762</u>
 <u>LIABILITIES</u>	
Accounts payable and accrued expenses	\$ 101,840
Noncurrent liabilities:	
Due within one year	25,926
Due in more than one year	84,398
Net pension liability	687,093
Total liabilities	<u>\$ 899,257</u>
 <u>DEFERRED INFLOWS</u>	
Related to changes in the net pension liability	<u>\$ 158,356</u>
 <u>NET POSITION</u>	
Net investment in capital assets	\$ 114,597
Unrestricted	123,954
Total net position	<u>\$ 238,551</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, 2026

		PROGRAM REVENUES		NET (EXPENSE)
		CHARGES FOR	OPERATING	REVENUE AND
	EXPENSES			CHANGES IN
Functions/Programs		SERVICES	GRANTS AND	NET POSITION
			CONTRIBUTIONS	GOVERNMENTAL
				ACTIVITIES
Governmental activities:				
Basic instruction	\$ 1,120,767	\$ -	\$ 41,961	(1,078,806)
General support services	96	-	-	(96)
School administration	204,735	-	-	(204,735)
Facilities acquisition and construction	1,080	-	-	(1,080)
Fiscal services	24,505	-	-	(24,505)
Pupil transportation services	113,266	-	-	(113,266)
Operation of plant	197,900	-	-	(197,900)
Central services	84,054	-	-	(84,054)
Student activity	85,200	82,844	-	(2,356)
Total governmental activities	<u>\$ 1,831,603</u>	<u>\$ 82,844</u>	<u>\$ 41,961</u>	<u>\$ (1,706,798)</u>
General revenues:				
				1,684,935
				16,571
				28,520
				<u>1,730,026</u>
				<u>23,228</u>
				215,323
				<u>\$ 238,551</u>

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

BYRNEVILLE ELEMENTARY SCHOOL, INC.
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Other Governmental Fund	Total Governmental Fund
ASSETS			
Cash and cash equivalents	\$ 451,681	\$ -	\$ 451,681
Certificate of deposit	500,000	-	500,000
Interest receivable	4,124	-	4,124
Total Assets	<u>\$ 955,805</u>	<u>\$ -</u>	<u>\$ 955,805</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	101,840	-	\$ 101,840
Total Liabilities	<u>101,840</u>	<u>-</u>	<u>101,840</u>
Fund Balance:			
Unassigned	853,965	-	853,965
Total Fund Balance	<u>853,965</u>	<u>-</u>	<u>853,965</u>
Total Liabilities and Fund Balances	<u>\$ 955,805</u>	<u>\$ -</u>	

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 governmental funds.		
Capital assets	\$ 492,605	
Accumulated depreciation	<u>(378,008)</u>	114,597
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated absences		(110,324)
Net pension liability and related deferred inflows/outflows are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Deferred outflows	225,762	
Deferred inflows	(158,356)	
Net pension liability	<u>(687,093)</u>	(619,687)
Net position of governmental activities		<u>\$ 238,551</u>

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, 2026**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Intergovernmental			
Escambia County School District	\$ 1,684,935	\$ -	\$ 1,684,935
Federal through state	-	41,961	41,961
Charges for services	82,844	-	82,844
Interest income	28,520	-	28,520
Miscellaneous revenue	16,571	-	16,571
Total revenues	<u>1,812,870</u>	<u>41,961</u>	<u>1,854,831</u>
Expenditures			
Basic instruction	1,205,909	41,961	1,247,870
General support services	96	-	96
School administration	203,691	-	203,691
Fiscal services	24,505	-	24,505
Pupil transportation service	109,042	-	109,042
Operation of plant	192,146	-	192,146
Central services	84,054	-	84,054
Capital outlay	6,264	-	6,264
Total expenditures	<u>1,825,707</u>	<u>41,961</u>	<u>1,867,668</u>
Excess (deficiency) of revenues over expenditures	<u>(12,837)</u>	<u>-</u>	<u>(12,837)</u>
Net change in fund balances	<u>(12,837)</u>	<u>-</u>	<u>(12,837)</u>
Fund balances, beginning of year	866,802	-	866,802
Fund balances, end of year	<u><u>\$ 853,965</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 853,965</u></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, 2026**

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

Net change in fund balances-total governmental funds	\$	(12,837)
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	\$	6,264
Depreciation expense	(16,167)	(9,903)
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	(841)	
Net pension liability	163,865	
Deferred outflows related to net pension liability	(55,091)	
Deferred inflows related to net pension liability	(61,965)	45,968
Change in net position of governmental activities	<u>\$</u>	<u>23,228</u>

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

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

(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) **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.

(b) **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.

(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, 2026

(1) **Summary of Significant Accounting Policies:** (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 how spending activities are controlled.

(f) **Budgetary data**—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, 2026

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

(g) **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.

(h) **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.

(i) **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

(j) **Long-term obligations**—In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable government-wide Statement of Net Position.

(k) **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.

(l) **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.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

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

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.

(m) **Fund balance and net position—**

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.

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.

Fund balance policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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's Board of Directors 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 motion remains in place until a similar action is taken (the adoption of another motion) to remove or revise the limitation.

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

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

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.

(n) **Deferred outflows/inflows of resources**—In addition to assets and liabilities, the statement of net position will, if required, report a separate section for deferred outflows of resources and deferred inflows of resources, respectively. These separate financial statement elements, deferred outflows/inflows of resources, represent 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 7.

(o) **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 respectively. 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.

(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 \$951,681 and the bank balance was \$958,427. 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, 2026:

Cash and cash equivalents	\$ 451,681
Certificate of deposit	<u>500,000</u>
	<u><u>\$ 951,681</u></u>

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

(3) Capital Assets:

Capital asset activity for the year ended June 30, 2026, was as follows:

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026
Capital assets, being depreciated:				
Improvements other than building	\$ 103,557	\$ -	\$ -	\$ 103,557
Leasehold improvements	132,125	-	-	132,125
Furniture, fixtures and equipment	139,628	-	-	139,628
Motor vehicles	109,041	6,264	-	115,305
Computer hardware and software	1,990	-	-	1,990
Total capital assets, being depreciated	<u>486,341</u>	<u>6,264</u>	<u>-</u>	<u>492,605</u>
Less accumulated depreciation:				
Improvements other than building	(78,827)	(2,816)	-	(81,643)
Leasehold improvements	(54,266)	(5,113)	-	(59,379)
Furniture, fixtures and equipment	(121,955)	(4,014)	-	(125,969)
Motor vehicles	(104,803)	(4,224)	-	(109,027)
Computer hardware and software	(1,990)	-	-	(1,990)
Total accumulated depreciation	<u>(361,841)</u>	<u>(16,167)</u>	<u>-</u>	<u>(378,008)</u>
Capital assets, net	<u>\$ 124,500</u>	<u>\$ (9,903)</u>	<u>\$ -</u>	<u>\$ 114,597</u>

Capital assets are used for multiple functions within the School and depreciation expense of \$16,167 was charged to governmental functions as follows:

Basic Instruction	\$ 4,065
Facilities acquisition and construction	1,080
Operation of plant	5,754
Pupil transportation	4,224
School administration	1,044
	<u>\$ 16,167</u>

(4) Long-term liabilities:

The change in compensated absences below is a net change for the year. Long-term liability activity for the year ended June 30, 2026, was as follows:

	Balance July 1, 2025	Additions (Deletions)	Balance June 30, 2026	Due within one year
Compensated absences	\$ 109,483	\$ 841	\$ 110,324	\$ 25,926

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

(5) Significant Funding Source:

The School receives 93% 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.

(7) Florida Retirement System:

Plan Description and Administration

The School participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined benefit public employee retirement system which covers all of the School's full-time employees. The System is 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 \$7.50. The minimum payment is \$45 and the maximum payment is \$225 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

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

(7) Florida Retirement System: (Continued)

Benefits Provided and Employees Covered (Continued)

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.

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 96 months after electing to participate, except that certain instructional personnel may participate for up to 120 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, 2026

(7) **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, 2025 and 2026, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2025</u>	<u>After June 30, 2025</u>
Regular Class	13.63%	14.03%
DROP	21.13%	22.02%
Senior Management	34.52%	33.24%

Current-year employer HIS contributions were made at a rate of 2.00% 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, 2025, were as follows:

School Contributions – FRS	\$ 83,327
School Contributions – HIS	17,709
Employee Contributions – FRS	26,564

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

At June 30, 2026, the School reported a net pension liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 433,126
HIS	253,967
Total	<u>\$ 687,093</u>

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, 2025, 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, 2025 and June 30, 2024, the School's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2025</u>	<u>2024</u>
FRS	0.001395601%	0.001417582%
HIS	0.001981419%	0.002017008%

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

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

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

For the plan year ended June 30, 2025, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	51,626
HIS		4,667
Total	\$	<u>56,293</u>

Deferred outflows/inflows related to pensions:

At June 30, 2026, deferred outflows of resources and deferred inflows of resources related to pensions were recorded from the following sources:

	FRS		HIS	
	<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	\$ 46,262	\$ -	\$ 1,516	\$ (403)
Changes of assumptions	50,297	-	2,248	(61,428)
Net difference between projected and actual investment earnings	-	(72,315)	-	(211)
Change in proportionate share	9,426	(7,848)	12,911	(16,151)
Contributions subsequent to measurement date	85,862	-	17,240	-
	<u>\$ 191,847</u>	<u>\$ (80,163)</u>	<u>\$ 33,915</u>	<u>\$ (78,193)</u>

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, 2027.

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:

	<u>FRS</u>	<u>HIS</u>	<u>Total</u>
2027	\$ 76,590	\$ (14,609)	\$ 61,981
2028	(14,742)	(17,347)	(32,089)
2029	(20,216)	(13,547)	(33,763)
2030	(15,810)	(9,240)	(25,050)
2031	-	(6,775)	(6,775)
Thereafter	-	-	-
Total	<u>\$ 25,822</u>	<u>\$ (61,518)</u>	<u>\$ (35,696)</u>

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

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

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (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 2024 for the period July 1, 2018, through June 30, 2023. 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 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. 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 5.20% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.93%. Mortality assumptions for both plans were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MP-2021 details.

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 2025, 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%	3.2%
Fixed income	29%	5.5%
Global equities	45%	8.5%
Real estate	12%	8.4%
Private equity	11%	12.4%
Strategic investments	2%	6.5%
Total	<u>100.0%</u>	

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

(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%	\$ 850,004	\$ 433,126	\$ 83,622
HIS	5.20%	286,389	253,967	226,776

(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 20, 2026, 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, 2026

(11) Recent Accounting Pronouncements:

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The School has implemented this statement effective for fiscal year ending June 30, 2026, and it did not have a material effect on the School.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025. The School has implemented this statement effective for fiscal year ending June 30, 2026, and it did not have a material effect on the School.

GASB issued Statement No. 105, *Subsequent Events*, in December 2025. GASB Statement No. 105 is to improve financial reporting requirements for subsequent events by clarifying the subsequent events time frame, distinguishing between recognized and nonrecognized subsequent events, and enhancing consistency and transparency in related disclosures. The provisions are effective for fiscal years beginning after June 15, 2026. Management has not currently determined what, if any, impact implementation will have on the School's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2026

BYRNEVILLE ELEMENTARY SCHOOL, INC.
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Budgeted Amounts				Final Budget - Actual (Over) Under
	Original	Final	Variance (Over) Under	Actual Amounts	
Revenues					
Intergovernmental					
Florida education finance program	\$ 1,656,975	\$ 1,668,866	\$ (11,891)	\$ 1,684,935	\$ 16,069
Charges for services	25,000	30,284	(5,284)	82,844	52,560
Interest income	15,000	28,520	(13,520)	28,520	-
Miscellaneous revenue	-	-	-	16,571	16,571
Total revenues	1,696,975	1,727,670	(30,695)	1,812,870	85,200
Expenditures					
Basic instruction	1,101,350	1,080,790	20,560	1,205,909	(125,119)
General support services	550	100	450	96	4
School administration	199,176	203,647	(4,471)	203,691	(44)
Fiscal services	25,000	24,505	495	24,505	-
Pupil transportation services	76,850	115,427	(38,577)	109,042	6,385
Operation of plant	209,995	192,221	17,774	192,146	75
Central services	84,054	84,054	-	84,054	-
Capital outlay	-	-	-	6,264	(6,264)
Total expenditures	1,696,975	1,700,744	(3,769)	1,825,707	(124,963)
Excess (deficiency) of revenues over expenditures	-	26,926	(26,926)	(12,837)	(39,763)
Net change in fund balance	-	26,926	(26,926)	(12,837)	(39,763)
Fund balance, beginning of year	866,802	866,802	-	866,802	-
Fund balance, end of year	\$ 866,802	\$ 893,728	\$ (26,926)	\$ 853,965	39,763

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

BYRNEVILLE ELEMENTARY SCHOOL, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2026

(1) **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, 2026, has been amended.

Budgets are presented on the modified accrual basis of accounting.

(2) **Budgetary Highlights:**

Original budget compared to final budget—The School’s original budget also amended during the fiscal year to address operational needs and reallocate resources among funds. Roughly \$39,000 was reallocated from Basic Instruction and Operation of Plant to fund increased expenditures related to student transportation.

Final budget compared to actual results—Miscellaneous revenues are typically not budgeted but and included student activity revenue for the current year. Student activity revenue nearly nets zero when netted with student activity expenses.

Expenditures for basic instruction were higher than the final budget primarily due to increasing insurance costs and additional supplies needed throughout the year.

(3) **Budget Compliance:**

The School was over budget in general fund expenditures by \$124,963.

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

	As of the Plan Year Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Florida Retirement System (FRS)										
Proportion of the net pension liability	0.001395601%	0.001417582%	0.001414793%	0.001428611%	0.001436618%	0.001205456%	0.001297237%	0.001296591%	0.001205641%	0.001031710%
Proportionate share of the net pension liability	\$ 433,126	\$ 548,387	\$ 563,750	\$ 531,558	\$ 108,520	\$ 522,462	\$ 446,750	\$ 390,540	\$ 356,621	\$ 260,508
Covered payroll	885,459	853,829	763,498	718,082	756,638	707,547	712,333	666,348	666,215	605,049
Proportionate share of the net pension liability as a percentage of covered payroll	48.92%	64.23%	73.84%	74.02%	14.34%	73.84%	62.72%	58.61%	53.53%	43.06%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%
Health Insurance Subsidy Program (HIS)										
Proportion of the net pension liability	0.001981419%	0.002017008%	0.001926683%	0.001970001%	0.002136811%	0.002038215%	0.002129467%	0.002039707%	0.001898234%	0.001700463%
Proportionate share of the net pension liability	\$ 253,967	\$ 302,571	\$ 305,983	\$ 208,655	\$ 262,112	\$ 248,863	\$ 238,266	\$ 215,885	\$ 202,968	\$ 198,182
Covered payroll	885,459	853,829	763,498	718,082	756,638	707,547	712,333	666,348	666,215	605,049
Proportionate share of the net pension liability as a percentage of covered payroll	28.68%	35.44%	40.08%	29.06%	34.64%	35.17%	33.45%	32.40%	30.47%	32.75%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

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

	As of the Year Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Florida Retirement System (FRS)										
Contractually required contribution	\$ 85,862	\$ 83,327	\$ 80,272	\$ 66,128	\$ 54,729	\$ 40,052	\$ 40,224	\$ 36,952	\$ 41,705	\$ 35,456
Contributions in relation to the contractually required contribution	(85,862)	(83,327)	(80,272)	(66,128)	(54,729)	(40,052)	(40,224)	(36,952)	(41,705)	(35,456)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 861,982	\$ 885,459	\$ 765,364	\$ 718,082	\$ 756,638	\$ 707,547	\$ 712,333	\$ 666,348	\$ 666,215	\$ 605,049
Contributions as a percentage of covered payroll	9.96%	9.41%	10.49%	9.21%	7.23%	5.66%	5.65%	5.55%	6.26%	5.86%
Health Insurance Subsidy Program (HIS)										
Contractually required contribution	\$ 17,240	\$ 17,709	\$ 17,077	\$ 12,746	\$ 12,560	\$ 11,745	\$ 11,825	\$ 11,061	\$ 11,059	\$ 10,044
Contributions in relation to the contractually required contribution	(17,240)	(17,709)	(17,077)	(12,746)	(12,560)	(11,745)	(11,825)	(11,061)	(11,059)	(10,044)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 861,982	\$ 885,459	\$ 765,364	\$ 718,082	\$ 756,638	\$ 707,547	\$ 712,333	\$ 666,348	\$ 666,215	\$ 605,049
Contributions as a percentage of covered payroll	2.00%	2.00%	2.23%	1.78%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%

**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, 2026 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 20, 2026.

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 School'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.

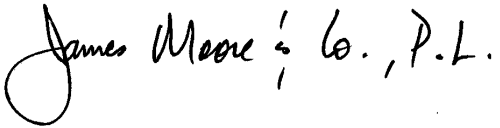
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

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*.

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

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, stylized initial "J" and "M".

Tallahassee, Florida
August 20, 2026

**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, 2026, and have issued our report thereon dated August 20, 2026.

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 20, 2026, 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 #	2025 Finding #	2024 Finding #
Corrected	2025-001	N/A
2026-001	2025-002	N/A
2026-002	2025-003	N/A
Corrected	2025-004	N/A

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 management.

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.

2026-001: Journal Entry Review and Approval

We recommend the School establish and implement a formal policy for the review and approval of journal entries. During testing, it was noted that the Organization does not have a written policy governing the review and approval of journal entries. Implementing a formal review process will help ensure the accuracy and appropriateness of journal entries and reduce the risk of errors or unauthorized adjustments.

2026-002: Budget Compliance

We recommend the School strengthen its controls over budget preparation and monitoring. During review, it was noted that actual results exceeded the budgeted amount by \$124,963. These matters were not identified and addressed through management's monitoring processes. Enhancing budget development procedures to ensure completeness, along with strengthening budget-to-actual review and follow-up on significant variances, will improve financial oversight and reduce the risk of unanticipated financial results.

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

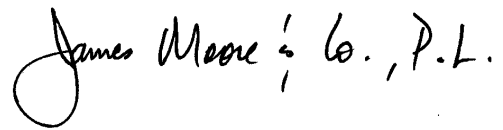
Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants 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 Recommendations

The School's response to the recommendation identified in our audit is outlined as listed in the table of contents. The School'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.

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
August 20, 2026



1600 Byrneville Road
Century, Florida 32535

Phone (850) 256-6350

Fax (850) 256-6357

Principal: Ashley Trawick

August 20, 2026

James Moore & Cp., P.L.
1983 Centre Pointe Boulevard, Suite 200
Tallahassee, FL 32308

Byrneville Elementary Response to Findings & Recommendations

2026-001: Journal Entry Review and Approval

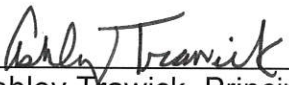
For each journal entry prepared, a physical form, including a signature trail, will be completed. The preparer (bookkeeper or outside CPA) will enter and save the transaction and immediately select the PRINT button at the top of the Journal Entry screen to save a PDF copy and print the transaction.

The printed journal entry will then be provided to the Principal for review and signature. The form must also be signed by the Bookkeeper or outside CPA, whichever individual did not prepare the original journal entry. This process ensures that each journal entry is reviewed, approved, and properly documented.

2026-002: Budget Compliance:

The school's by-laws require Quarterly Business Meetings. In response to the audit findings, the school can work with its outside CPA to incorporate the auditor's adjusting journal entries (AJEs) into QuickBooks and prepare an amended budget reflecting those adjustments. The amended budget will then be presented for review and approval at the Quarterly Business Meeting immediately following the issuance of the audit, which is scheduled for October.

This process will ensure that the audit adjustments are properly incorporated into the school's financial records and that the amended budget receives formal approval in accordance with the school's established by-laws and procedures.



Ashley Trawick, Principal