

Riverview Charter School
Beaufort, South Carolina
Report on Financial Statements
Year Ended June 30, 2013

**Basic Financial Statements,
Required Supplementary Information,
Other Supplementary Financial Information,
And Independent Auditors' Report**

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Beaufort, South Carolina
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Independent Auditors' Report

To the Board of Directors
Riverview Charter School
Beaufort, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Riverview Charter School (the School), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The School'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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2013, 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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 29 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The other supplementary information on pages 31 through 40 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2013 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 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 the School's internal control over financial reporting and compliance.

McCay, Kiddy & Associates, LLC

Mount Pleasant, South Carolina
November 8, 2013

Required Supplementary Information (Unaudited)

**Riverview Charter School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2013**

As management of Riverview Charter School (the School), we offer readers of the School's audited financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2013. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

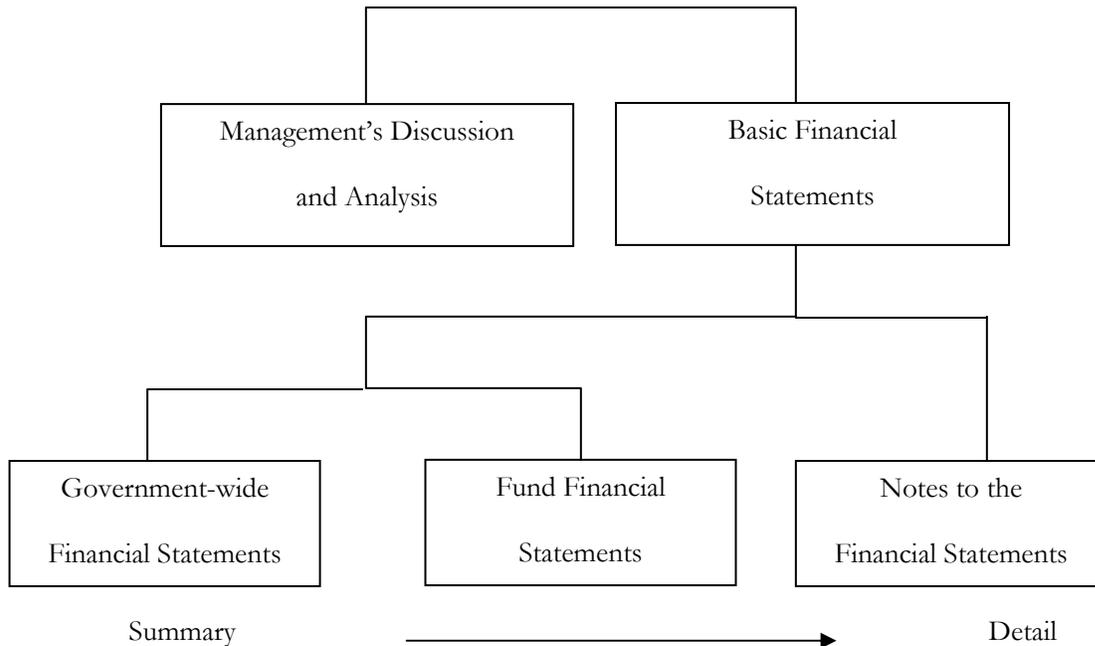
Financial Highlights

- The assets of the School exceeded its liabilities at the close of the fiscal year by \$341,346 (*net position*).
- The School's governmental funds reported combined fund balances of \$248,208.
- The 2012-2013 135-day average daily membership was 455.
- The School had no long-term debt as of June 30, 2013.

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 consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two distinct financial perspectives of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the School.

Figure 1 - Required Components of Annual Financial Report



Riverview Charter School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2013

Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the School's financial standing.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual segments of the School's government. These statements are more detailed than the government-wide financial statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

Immediately following the fund financial statements are the **Notes to the Financial Statements** (i.e. "Notes"). The Notes offer a detailed explanation of the data contained in those statements. Next, **supplemental information** is provided to show details about the School's funds. Budgetary information for the School also can be found in this section of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to the financial statements of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status, as a whole.

The two government-wide statements report the School's net assets and how they have changed. Net assets equal the difference between the School's total assets and total liabilities. Measuring net assets is one way to gauge the School's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the School's basic functions such as instructional services and business services. These functions are funded almost entirely through state, county, and federal educational funds. The business-type activities are those services that the School charges its students and other customers. These include the Food Service Activities services carried out by the School.

The government-wide financial statements are enumerated on pages 10 and 11 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related statutory requirements. All of the funds of the School can be divided into two categories: governmental funds and proprietary funds.

The fund financial statements are enumerated on pages 12 – 18 of this report.

**Riverview Charter School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2013**

Governmental Funds – Governmental funds are used to account for functions reported as governmental activities in the government-wide financial statements. Most of the School's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies remaining at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using the modified accrual accounting method, which provides a short-term spending focus. The governmental fund financial statements assist the reader in determining whether there has been an increase or a decrease in the financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in reconciliation, which is an integral part of the fund financial statements.

The School has elected to adopt an annual budget. The budget incorporates input from the faculty, management, and the Board of Directors of the School and specifies which activities will be pursued and which services the School will provide during the year. It also authorizes the School to obtain funds from identified sources to finance current period activities. The budgetary statement demonstrates how well the School has complied with the budget and whether or not the School has succeeded in providing the services as originally planned.

Proprietary Funds – The School has one proprietary fund, which is an enterprise fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The School uses enterprise funds to account for its Student Nutrition functions.

Notes to the Financial Statements – The notes provide additional information essential to facilitating a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

**Riverview Charter School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2013**

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as one useful indicator of a school's financial condition. The assets of the School exceeded liabilities by \$341,346 as of June 30, 2013. \$91,915 reflects the School's investment in capital assets (e.g. furniture and fixtures, and equipment), less any related debt still outstanding that was issued to acquire those items. The School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of \$249,431 is unrestricted.

Figure 2 - Riverview Charter School's Net Position

	Governmental Activities 2013	Governmental Activities 2012	Business Activities 2013	Business Activities 2012
Current and other assets	\$ 303,768	\$ 273,631	\$ 1,223	\$ 1,223
Capital assets, net of depreciation	91,502	329,757	413	766
Total assets	395,270	603,388	1,636	1,989
Total liabilities	55,560	83,523	-	-
Net investment in capital assets	91,502	329,757	413	766
Unrestricted	248,208	190,108	1,223	1,223
Total net position	\$ 339,710	\$ 519,865	\$ 1,636	\$ 1,989

Several aspects of the School's financial operations positively influenced the total unrestricted governmental net assets:

- The School adopted an annual budget. The School's performance was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget.

Riverview Charter School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2013

Figure 3 - Riverview Charter School's Changes in Net Position

	Governmental Activities 2013	Business Activities 2013	Total	Governmental Activities 2012	Business Activities 2012	Total
Donations and other revenues	\$ 381,294	\$ -	\$ 381,294	\$ 348,988	\$ -	\$ 348,988
Charges for services	-	67,470	67,470	-	59,285	59,285
County, state, and federal funds	4,252,832	65,076	4,317,908	3,212,441	51,013	3,263,454
Total revenues	4,634,126	132,546	4,766,672	3,561,429	110,298	3,671,727
Instructional programs	2,826,770	-	2,826,770	2,132,755	-	2,132,755
Support services	1,981,229	139,181	2,120,410	1,636,678	107,030	1,743,708
Total expenses	4,807,999	139,181	4,947,180	3,769,433	107,030	3,876,463
Increase (decrease) in net assets before transfers	(173,873)	(6,635)	(180,508)	(208,004)	3,268	(204,736)
Transfers	(6,282)	6,282	-	3,621	(3,621)	-
Increase (decrease) in net position	(180,155)	(353)	(180,508)	(204,383)	(353)	(204,736)
Net position, July 1	519,865	1,989	521,854	724,248	2,342	726,590
Net position, June 30	<u>\$ 339,710</u>	<u>\$ 1,636</u>	<u>\$ 341,346</u>	<u>\$ 519,865</u>	<u>\$ 1,989</u>	<u>\$ 521,854</u>

Governmental activities. Governmental activities decreased the School's net position by \$173,873. There was a transfer of \$6,282 from the governmental type activities resulting in a net asset decrease of \$180,155.

Business-type activities. Business-type activities decreased the School's net position by \$353. The School elects to continue to operate the School Food Service Fund to meet the daily dietary demands of the student population. The School considers a nutritional program an essential part of a healthy learning environment even though the program generates a decrease in net assets.

**Riverview Charter School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2013**

Financial Analysis of the School's Funds

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

Governmental Funds. The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of usable financial resources. Such information is useful in assessing the School's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

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 \$15,330.

Proprietary Funds. The School's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the School Food Service Fund at the end of the fiscal year amounted to \$1,223. The total loss in net assets for the School Food Service fund was \$353. Other factors concerning the finances of this fund have already been addressed in the discussion of the School's business-type activities.

Capital Asset and Debt Administration

Capital assets. The School's investment in capital assets for its governmental and business activities as of June 30, 2013, totals \$91,915 (net of accumulated depreciation). Capital assets include furniture and equipment and leasehold improvements.

Figure 4 - Riverview Charter School's Capital Assets (net of depreciation)

	Gov. Activities 2013	Bus. Activities 2013	Total
Furniture, fixtures, and equipment	\$ 91,341	\$ 413	\$ 91,754
Leasehold improvements	161	-	161
Total	\$ 91,502	\$ 413	\$ 91,915
	2012	2012	Total
Furniture, fixtures, and equipment	\$ 176,760	\$ 766	\$ 177,526
Leasehold improvements	152,997	-	152,997
Total	\$ 329,757	\$ 766	\$ 330,523

Additional information about the School's capital assets can be found in Note II. of the Basic Financial Statements.

Long-term Debt. As of June 30, 2013, the School had no long-term debt.

**Riverview Charter School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Management's Discussion and Analysis
Year Ended June 30, 2013**

General Fund Budgetary Highlights

The negative revenue variance of \$61,331 is due to not receiving as much in contributions and other revenue as originally budgeted.

The negative variance in Support Services of \$34,871 is due to the inability to sublease the trailers. The School had to pay the lease expense for the trailers for the entire year despite not using them.

The expenditures on the final budget were higher than the original budget. The difference relates to an increase in budgeted expenses for the School's after-school and lunch programs and also an increase in instructional salaries and benefits.

Economic Factors

The following key economic indicators reflect the growth and prosperity of the School:

- The School continues to see community support as evidenced by the volunteerism, local organizations donating classroom and office supplies, private donations, and support through fundraising.
- The School has a returning staff of professionals that are committed to the School.
- The School continues to seek both federal and private grant funds to supplement its Base Student funding.
- The School's headcount has increased for FY 13.
- The School continues to upgrade their current facility to better serve its students.

Requests for Information

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director, Riverview Charter School, 81 Savannah Highway Beaufort, South Carolina 29906, and telephone number (843) 379-0123.

Basic Financial Statements

Government-Wide Financial Statements

**Riverview Charter School
Beaufort, South Carolina
Statement of Net Position
June 30, 2013**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 246,405	\$ -	\$ 246,405
Due from Other Governmental Units	10,163	1,541	11,704
Other Receivables	10,664	-	10,664
Internal Balance	1,541	(1,541)	-
Inventory	-	1,223	1,223
Other Assets	34,995	-	34,995
Capital Assets, Net of Depreciation	91,502	413	91,915
Total Assets	395,270	1,636	396,906
Liabilities			
Accounts Payable and Other Current Liabilities	55,560	-	55,560
Total Liabilities	55,560	-	55,560
Net Position			
Net Investment in Capital Assets	91,502	413	91,915
Unrestricted (Deficit)	248,208	1,223	249,431
Total Net Position	\$ 339,710	\$ 1,636	\$ 341,346

**Riverview Charter School
Beaufort, South Carolina
Statement of Activities
Year Ended June 30, 2013**

Functions/ Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Instruction	\$ 2,826,770	\$ -	\$ -	\$ (2,826,770)	\$ -	\$ (2,826,770)
Support Services	1,981,229	-	-	(1,981,229)	-	(1,981,229)
Intergovernmental	-	-	4,252,832	4,252,832	-	4,252,832
Total Governmental Activities	4,807,999	-	4,252,832	(555,167)	-	(555,167)
Business-type Activities:						
Food Service	139,181	67,470	65,076	-	(6,635)	(6,635)
Total Primary Government	\$ 4,947,180	\$ 67,470	\$ 4,317,908	(555,167)	(6,635)	(561,802)
General Revenues:						
Miscellaneous				381,294	-	381,294
Transfers				(6,282)	6,282	-
Total General Revenues				375,012	6,282	381,294
Change in Net Position				(180,155)	(353)	(180,508)
Net Position - July 1, 2012				519,865	1,989	521,854
Net Position - June 30, 2013				\$ 339,710	\$ 1,636	\$ 341,346

See accompanying notes to financial statements and independent auditors' report.

Fund Financial Statements

**Riverview Charter School
Beaufort, South Carolina
Balance Sheet
Governmental Funds
June 30, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Education Improve- ment Act</u>	<u>Total Governmental Funds</u>
Assets				
Cash and Investments	\$ 246,405	\$ -	\$ -	\$ 246,405
Due from Other Funds	11,704	-	-	11,704
Due From Beaufort County				
School District	-	5,027	5,136	10,163
Other Receivables	10,664	-	-	10,664
Prepaid Expenses	24,995	-	-	24,995
Deposits	10,000	-	-	10,000
Total Assets	<u>\$ 303,768</u>	<u>\$ 5,027</u>	<u>\$ 5,136</u>	<u>\$ 313,931</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable and Accruals	\$ 55,560	\$ -	\$ -	\$ 55,560
Due To Other Funds	-	5,027	5,136	10,163
Total Liabilities	<u>55,560</u>	<u>5,027</u>	<u>5,136</u>	<u>65,723</u>
Fund Balances:				
Nonspendable				
Deposits	10,000	-	-	10,000
Prepays	24,995	-	-	24,995
Assigned to				
Permanent Facility Reserve	184,845			184,845
Other Purposes	13,038	-	-	13,038
Unassigned	15,330	-	-	15,330
Total Fund Balances	<u>248,208</u>	<u>-</u>	<u>-</u>	<u>248,208</u>
Total Liabilities and Fund Balances	<u>\$ 303,768</u>	<u>\$ 5,027</u>	<u>\$ 5,136</u>	<u>\$ 313,931</u>

**Riverview Charter School
Beaufort, South Carolina
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Assets
June 30, 2013**

Total Fund Balances - Governmental Funds \$ 248,208

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

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.

Cost of the assets	\$ 391,504	
Less: accumulated depreciation	<u>(300,002)</u>	<u>91,502</u>

Total Net Position - Governmental Activities \$ 339,710

**Riverview Charter School
Beaufort, South Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Education Improvement Act</u>	<u>Total Governmental Funds</u>
Revenues				
Other Local	\$ 381,294	\$ -	\$ -	\$ 381,294
Total Local	<u>381,294</u>	<u>-</u>	<u>-</u>	<u>381,294</u>
Intergovernmental Revenue	<u>4,068,053</u>	<u>106,231</u>	<u>78,548</u>	<u>4,252,832</u>
Total Intergovernmental Revenue	<u>4,068,053</u>	<u>106,231</u>	<u>78,548</u>	<u>4,252,832</u>
Total Revenues	<u>4,449,347</u>	<u>106,231</u>	<u>78,548</u>	<u>4,634,126</u>
Expenditures				
Current:				
Instruction	2,614,842	70,645	59,358	2,744,845
Support Services	1,770,123	35,586	19,190	1,824,899
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>4,384,965</u>	<u>106,231</u>	<u>78,548</u>	<u>4,569,744</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>64,382</u>	<u>-</u>	<u>-</u>	<u>64,382</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(6,282)</u>	<u>-</u>	<u>-</u>	<u>(6,282)</u>
Total Other Financing Sources (Uses)	<u>(6,282)</u>	<u>-</u>	<u>-</u>	<u>(6,282)</u>
Net Change in Fund Balances	58,100	-	-	58,100
Fund Balances - July 1, 2012	<u>190,108</u>	<u>-</u>	<u>-</u>	<u>190,108</u>
Fund Balances - June 30, 2013	<u>\$ 248,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,208</u>

**Riverview Charter School
 Beaufort, South Carolina
 Statement of Revenues,
 Expenditures, and Changes in Fund Balances of the
 Governmental Funds to the Statement of Activities
 Year Ended June 30, 2013**

Net Change in Fund Balances - Governmental Funds \$ 58,100

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capitalized items disposed of during the current year resulting in a loss	(138,601)	
Depreciation expense in the current period	(99,654)	(238,255)

Change in Net Position - Governmental Activities		\$ (180,155)
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**Riverview Charter School
Beaufort, South Carolina
Statement of Net Position
Proprietary Funds
June 30, 2013**

	<u>Enterprise Fund - Food Services</u>
Assets	
Current assets:	
Inventory	\$ 1,223
Due from other governmental units	<u>1,541</u>
Total Current Assets	<u>2,764</u>
Noncurrent assets:	
Equipment	1,766
Less accumulated depreciation	<u>(1,353)</u>
Total Noncurrent Assets	<u>413</u>
Total Assets	<u><u>\$ 3,177</u></u>
 Liabilities and Net Assets	
Liabilities:	
Due To Other Funds	<u>\$ 1,541</u>
Total Liabilities	<u>1,541</u>
Net Position:	
Net Investment in Capital Assets	413
Unrestricted	<u>1,223</u>
Total Net Position	<u>1,636</u>
Total Liabilities and Net Position	<u><u>\$ 3,177</u></u>

**Riverview Charter School
Beaufort, South Carolina
Statement of Revenue, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2013**

	Enterprise Fund - Food Services
Revenues	
Proceeds from Sale of Meals	\$ 67,470
Total revenues	67,470
Operating Expenses	
Food Costs	59,822
Salaries and Wages	60,873
Supplies and Materials	4,641
Depreciation	353
Other Operating Costs	13,492
Total Operating Expenses	139,181
Operating Income (Loss)	(71,711)
Nonoperating Revenues (Expenses)	
USDA Reimbursements	60,558
Commodities Received from USDA	4,518
Total Nonoperating Revenue (Expenses)	65,076
Income (Loss) Before Operating Transfers	(6,635)
Transfers In (Out)	6,282
Change in Net Position	(353)
Net Position - July 1, 2012	1,989
Net Position - June 30, 2013	\$ 1,636

**Riverview Charter School
Beaufort, South Carolina
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2013**

	<u>Enterprise Fund - Food Services</u>
Cash Flows From Operating Activities	
Operating Cash Receipts from Customers and Users	\$ 67,470
Charges from Other Funds	
Payments to Employee for Services	(60,873)
Payments for Employee Benefits	(13,492)
Payments to Suppliers for Goods and Services	<u>(59,945)</u>
Net Cash Used in Operating Activities	<u>(66,840)</u>
Cash Flows From Noncapital Financing Activities	
Nonoperating Grants Received	59,017
Advances from General Fund	1,541
Transfers (to) from Other Funds	<u>6,282</u>
Net Cash Provided by Noncapital Financing Activities	<u>66,840</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents, July 1, 2012	<u>-</u>
Cash and Cash Equivalents, June 30, 2013	<u><u>\$ -</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (71,711)
Adjustments to reconcile operating income to net cash received from (used by) operating activities:	
Depreciation	353
Commodities used	<u>4,518</u>
Net cash received from (used in) operating activities	<u><u>\$ (66,840)</u></u>

**Riverview Charter School
Beaufort, South Carolina
Notes to Financial Statements**

I. Summary of Significant Accounting Policies

Riverview Charter School (the “School”) was created in March 2008 through a ten year charter granted by the Beaufort County School District (BCSD). The School began operation July 1, 2009. The School is a discretely presented component unit of BCSD.

The School teaches in the traditional style with one grade level learning in one classroom area. In fiscal year 2013, the School consisted of twenty-two primary classrooms with kindergarten through seventh grade students.

A. Reporting Entity

The Board of Directors (the “Board”) of the School determines the operating policies and such policies are implemented by the School’s staff. As of June 30, 2013, the School’s volunteer Board of Directors is as follows:

Board Members

Mike Freeman, Chairman	Sarah Brock, Member
Ed Foster, Vice Chairman	Martha Cooper-Hudson, Member
Evy Trask, Secretary	Ashley Dando, Member
Joseph Dunkle, Treasurer	Jonas Gadson, Member
Stan Ganshow, Member	Christy Levitt, Member
James Turk, Member	Honika Plowdeniz, Member
Shelley Kolb - Member	

These financial statements present the School which is a component unit of Beaufort County School District. The School is a legally separate entity that is in substance part of the School District’s operation.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary School. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Intergovernmental revenue included on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds includes state sourced revenue and any federal revenue that flows to the school from the South Carolina Public Charter School District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Riverview Charter School
Beaufort, South Carolina
Notes to Financial Statements**

Fund Financial Statements:

The School uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School functions and activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. The following are the School's major governmental funds:

1. General Fund - The General Operating Fund of the School is used to account for all financial resources except those required to be accounted for in another fund. All revenue, charges for services, Education Finance Act revenue, and miscellaneous revenue are recorded in this fund except amounts which are specifically collected in a fiduciary capacity. Operational expenditures for general instruction, support services, general administration, and other departments of the School are paid through the General Fund.
2. Special Revenue Fund - Special Revenue Funds account for the operations of federal and state projects, which are required by the South Carolina State Department of Education to be accounted for in separate funds.
3. Education Improvement Act Fund - This fund is used to account for the School's expenditures as a result of receiving state funds used in a comprehensive education reform plan which are required to be accounted for in separate programs and strategies.

The School did not have any non-major funds as of June 30, 2013.

Proprietary Funds

Proprietary funds are used to account for activities where the determination of net income is necessary or useful to provide sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Within proprietary funds, operating revenues and expenses are presented in the statement of revenue, expenses, and changes in fund net assets. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Sales for food service represent the operating revenues of the School's enterprise fund. Nonoperating revenues consist primarily of reimbursements from the United States Department of Agriculture. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Riverview Charter School
Beaufort, South Carolina
Notes to Financial Statements**

Enterprise Funds

To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or covered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Food Service Fund is the School's only enterprise fund and is used to account for the United States Department of Agriculture (USDA) approved school breakfast and lunch programs.

C. 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 recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School finances and meets cash flow needs of its proprietary activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Non-exchange transactions are transactions in which the School receives value without directly giving equal value in return, including grants, entitlements and donations. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Amounts reported as program revenues include operating grants and contributions.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

**Riverview Charter School
Beaufort, South Carolina
Notes to Financial Statements**

D. Assets, Liabilities, and Equity

Cash

The School's cash and cash equivalents are defined as short-term, highly liquid investments with an original maturity of three months or less, that are both readily convertible to known amounts of cash, and so near their maturity that they present no significant risk of changes in value because of changes in interest rates.

Due to/from Other Funds

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "Due to/from Other Funds". On fund financial statements, these receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. The transactions between funds are eliminated in the governmental activities columns of the statement of net assets.

Other Receivables

Transactions between others that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "Other Receivables". Other receivables consisted of \$8,322 owed from employees for health insurance premiums and \$2,342 owed from various individuals for pupil activities.

Inventory

The Enterprise Fund inventory includes food and supplies, recorded at fair market value at the time of receipt and has not been consumed at fiscal yearend.

Due from Other Governmental Units

Amounts due from other governmental units represents amounts owed to the School from United States Department of Agriculture for grant/contractual funding related to the School year ending June 30, 2013 that has been earned but not yet received as of June 30, 2013.

Capital Assets

Capital assets, which include leasehold improvement, classroom equipment, office equipment, are reported in the governmental activities in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Leasehold Improvements	Life of the lease
Furniture and Fixtures	3 - 5
Equipment	3 - 5

Deferred and Unearned Revenues

Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when resources have been received but not yet earned. Federal, state, local and private program grant revenues received and not yet expended by the School are recorded as unearned revenue. In subsequent periods, when both revenue recognition criteria are met, or when the School has a legal claim to the grant proceeds, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

**Riverview Charter School
Beaufort, South Carolina
Notes to Financial Statements**

Transfers From and To Other Funds

Funds were transferred from the General Fund to the Food Service Fund of \$6,282 to finance food costs and administrative costs for the Food Service Fund.

Reservations and Designations of Fund Balances

Government-wide Financial Statements

Equity is classified as net assets and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Financial Statements

The School’s fund balance amounts are reported within one of the following fund balance categories.

- a. *Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints (such as inventories, prepaids, long-term loans and notes receivable and property held for resale).
- b. *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- c. *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- d. *Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Director.
- e. *Unassigned* – is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

The School does not currently have policies in place for committed and assigned fund balances.

**Riverview Charter School
Beaufort, South Carolina
Notes to Financial Statements**

First non-spendable fund balances are determined, then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-general funds are classified as restricted fund balance.

It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

Encumbrances

The School does not currently have an encumbrance policy. All encumbrances are classified as either Assigned Fund Balance or Restricted Fund Balance in the General Fund, or as Restricted Fund Balance in the non-general funds. A significant encumbrance as of June 30, 2013 was for furniture of \$13,038.

E. Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the School's management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

The School is authorized by South Carolina state law to invest in the following types of investments:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Banks and savings and loan associations to the extent they are insured by the Federal Deposit Insurance Corporation;
4. Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit and repurchase agreements so secured, including interest; and
5. The State Treasurer's Local Government Investment Pool (monitored by the State Treasurer for investments invested in government guaranteed securities in accordance with South Carolina state laws);

Custodial credit risk – Custodial credit risk is the risk that the School's deposits will not be returned to it. The School has no formal policy regarding custodial credit risk. For the year ended June 30, 2013, the School's deposits were covered by Federal Depository Insurance and/or by collateral held in the School's name at the pledging financial institution.

Credit risk – South Carolina statutes authorize investments in Certificates of Deposits, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the United States Government and government agencies unconditionally guaranteed by the United States Government. The School has no investment policy that would further restrict its choices.

**Riverview Charter School
Beaufort, South Carolina
Notes to Financial Statements**

Interest rate risk – The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. Due from Other Governmental Units

Intergovernmental receivables at June 30, 2013 consisted of intergovernmental grants and reimbursements. All governmental receivables are considered collectible in full.

Due from federal government	
IDEA	\$ 11,892
Total due from federal government	<u>11,892</u>
Due from state government	
IDEA Contingency	(6,865)
Education Finance Act	<u>5,136</u>
Total due from state government	<u>(1,729)</u>
Total due from other governmental units	<u>\$ 10,163</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2013, is as follows:

	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
Governmental Activities:				
Capital Assets, Being Depreciated				
Furniture and equipment	\$ 385,672	\$ -	\$ -	\$ 385,672
Leasehold improvements	<u>381,581</u>	<u>-</u>	<u>(375,749)</u>	<u>5,832</u>
Total capital assets, being depreciated	<u>767,253</u>	<u>-</u>	<u>(375,749)</u>	<u>391,504</u>
Total capital assets, cost	<u>767,253</u>	<u>-</u>	<u>(375,749)</u>	<u>391,504</u>
Less accumulated depreciation:				
Furniture and equipment	208,912	85,419	-	294,331
Leasehold improvements	<u>228,584</u>	<u>14,235</u>	<u>(237,148)</u>	<u>5,671</u>
Total accumulated depreciation	<u>437,496</u>	<u>99,654</u>	<u>(237,148)</u>	<u>300,002</u>
Total capital assets, being depreciated, net	<u>329,757</u>	<u>(99,654)</u>	<u>(138,601)</u>	<u>91,502</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 329,757</u>	<u>\$ (99,654)</u>	<u>\$ (138,601)</u>	<u>\$ 91,502</u>

**Riverview Charter School
Beaufort, South Carolina
Notes to Financial Statements**

Depreciation expense is charged to function of the School as follows:

Instruction	\$ 81,925
Support services	17,729
Total depreciation	<u>\$ 99,654</u>

	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
Business-type Activites:				
Capital Assets, Being Depreciated				
Furniture and equipment	\$ 1,766	\$ -	\$ -	\$ 1,766
Total capital assets, cost	<u>1,766</u>	<u>-</u>	<u>-</u>	<u>1,766</u>
Less accumulated depreciation:				
Furniture and equipment	1,000	353	-	1,353
Total capital assets, being depreciated, net	<u>766</u>	<u>(353)</u>	<u>-</u>	<u>413</u>
Total Business-type Activites Capital Assets, Net	<u>\$ 766</u>	<u>\$ (353)</u>	<u>\$ -</u>	<u>\$ 413</u>

D. Long-Term Obligations

Operating Leases

The School began a new lease for their facilities July 2012 from Beaufort County School District, a related party. The minimum lease payment is \$22,500 and expires July 2014 with an option to renew twice for an additional year.

The School leases various items under the following conditions:

<u>Leased Items</u>	<u>Monthly Payments</u>	<u>Expiration</u>
Portable Classrooms	\$ 7,227	August 2013
Copiers (2)	173 and 99	August 2014
Apple Computers and iPads	1,975	June 2015
WiFi Access Points	281	July 2017

Lease expense for the year ended June 30, 2013 is \$352,445. The total future minimum payments for June 30:

2014	\$ 314,811
2015	297,093
2016	273,372
2017	<u>11,250</u>
Total minimum payments	<u>\$ 896,526</u>

**Riverview Charter School
Beaufort, South Carolina
Notes to Financial Statements**

E. Food Service

Federal Guidelines

The School's Food Service Fund administers the lunch programs in accordance with the United States Department of Agriculture (USDA) guidelines. Revenues are provided from USDA reimbursements and cash collections. The meals served to pupils are classified as regular, reduced, or free lunches by the Food Service Program. The type of meal served determines the amount of reimbursement from the USDA. Reimbursements may be in the form of cash or commodities.

Administrative Costs

The General Fund performs certain administrative functions and pays for certain costs of the Food Service Fund. The School District's accounting policies for food service operations reflect these expenditures in the General Fund.

III. Other Information

A. Related Parties

The School is a component unit of the District's financial statements. Annual funding allocated from the District to the School during the year ended June 30, 2013 is \$4,252,832. The District additionally provides services, benefits, supplies, and leases facilities to the School at fair market value.

B. Commitments

Cleaning Services

The School entered into a contract for cleaning services. The contractor shall regularly clean and provide maintenance for the school building through fiscal year 2014. Total projected fees for fiscal year 2014 are \$91,700.

C. Contingencies

Grants

The School participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

D. Retirement Plan

Plan Description

The South Carolina Retirement System (SCRS) is a cost-sharing multi-employer defined benefit pension plan (the Plan) administered by the Retirement Division of the State Budget and Control Board. The SCRS offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the SCRS is issued and publicly available on the internet at www.scrs.state.sc.us, or by writing the South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC 29211-1960.

**Riverview Charter School
Beaufort, South Carolina
Notes to Financial Statements**

Funding Policy

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws. Employee contributions to the Plan are 7.0% of salary. Employers are required to contribute at 10.45%. In addition to the above rates, participating employers of the South Carolina Retirement System contribute .15% and 4.55% of payroll to provide group life insurance benefit and health insurance coverage, respectively.

Other Retirement Plan

The State Optional Retirement Plan (State ORP) is an alternative to the South Carolina Retirement System retirement plan. Employees have thirty days from the date of hire to determine participation in either the SCRS or the State ORP.

The State ORP is a defined contribution plan administered as a qualified plan pursuant to section 401(a) of the Internal Revenue Code. All permanent, full-time, part-time and temporary employees hired after June 30, 2003, are eligible to participate in the State ORP. Employee required contributions to the State ORP are 7.0% of salary. The employer contributes 5.45% to the State ORP.

The School's contributions to SCRS and State ORP for the year ended June 30, 2013 and 2012 are \$360,991 and \$249,477, respectively. All employer contributions are equal to the required contributions for each year.

Post-employment benefits for life insurance are actuarially funded by the South Carolina Retirement System for participants of the SCRS.

**Required Supplementary Information other than Management's discussion
and Analysis (Unaudited)**

**Riverview Charter School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
Revenues			
Local Sources	\$ 434,300	\$ 442,625	\$ 381,294
Intergovernmental Revenue	4,047,841	4,068,053	4,068,053
Total Revenues	<u>4,482,141</u>	<u>4,510,678</u>	<u>4,449,347</u>
Expenditures			
Current:			
Instruction	2,497,671	2,610,736	2,614,842
Support Services	1,701,630	1,735,252	1,770,123
Total Expenditures	<u>4,199,301</u>	<u>4,345,988</u>	<u>4,384,965</u>
Excess (Deficiency) of Revenues Over Expenditures	282,840	164,690	64,382
Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(6,282)</u>
Net Change In Fund Balance	282,840	164,690	58,100
Fund Balances - July 1, 2012	<u>190,108</u>	<u>190,108</u>	<u>190,108</u>
Fund Balances - June 30, 2013	<u>\$ 472,948</u>	<u>\$ 354,798</u>	<u>\$ 248,208</u>

**Riverview Charter School
Beaufort, South Carolina
Required Supplementary Information (Unaudited)
Notes to Budgetary Comparison Schedule- General Fund
Year Ended June 30, 2013**

Note A – Budgetary Basis

The General Fund budget is adopted on a basis consistent with generally accepted accounting principles. The budget for the General Fund is prepared by function and activity and includes current year estimates for the next fiscal year. Fund expenditures may not exceed amounts within the total budget without the approval of the Board. Line item transfers within functions are approved by the Board of Directors. Budget amounts reflected in the accompanying schedule represent the adopted budget and any revisions during the fiscal year.

Budgets for the Special Revenue Fund and EIA Fund are approved by the appropriate granting agencies and are not presented in the Budgetary Comparison Schedule.

Other Supplemental Financial Information

Combining and Individual Fund Statements and Supporting Schedules

General Fund

To account for all financial resources except those required to be accounted for in another fund. All intergovernmental revenues and miscellaneous revenues are recorded in this fund. Operational expenditures for general education, support services and other departments of the School are paid through the General Fund.

The following Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the statement are also mandated by the South Carolina Department of Education.

**Riverview Charter School
Beaufort, South Carolina
General Fund
Schedule of Revenue, Expenditures and
Changes in Fund Balance – Budget to Actual
Year Ended June 30, 2013**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
1000 Revenue from Local Sources			
1900 Other Revenue from Local Sources			
1920 Contributions & Donations Private Sources	\$ 178,273	\$ 137,888	\$ (40,385)
1999 Revenue from Other Local Sources	264,352	243,406	(20,946)
Total Local Sources	442,625	381,294	(61,331)
2000 Intergovernmental Revenue			
2100 Payments from Other Governmental Units	4,068,053	4,068,053	-
Total Intergovernmental Revenue	4,068,053	4,068,053	-
Total Revenue All Sources	4,510,678	4,449,347	(61,331)
Expenditures			
100 Instruction			
110 General Instruction			
111 Kindergarten Programs			
100 Salaries	268,872	264,803	4,069
200 Employee Benefits	80,662	82,112	(1,450)
112 Primary Programs			
100 Salaries	536,530	533,417	3,113
200 Employee Benefits	160,959	159,021	1,938
113 Elementary Programs			
100 Salaries	803,327	809,484	(6,157)
200 Employee Benefits	358,021	357,290	731
300 Purchased Services	6,900	7,159	(259)
400 Supplies and Materials	97,191	115,150	(17,959)
120 Exceptional Programs			
127 Learning Disabilities			
100 Salaries	71,759	70,902	857
200 Employee Benefits	49,343	50,056	(713)
300 Purchased Services	-	5,719	(5,719)
400 Supplies and Materials	3,400	3,095	305

**Riverview Charter School
Beaufort, South Carolina
General Fund
Schedule of Revenue, Expenditures and
Changes in Fund Balance – Budget to Actual
Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
140 Special Programs			
149 Other Special Programs			
300 Purchased Services	10,000	12,123	(2,123)
170 Summer School Program			
175 Instructional Programs Beyond Regular School Day			
100 Salaries	80,675	77,950	2,725
200 Employee Benefits	21,297	17,312	3,985
300 Purchased Services	47,000	38,020	8,980
400 Supplies and Materials	14,800	11,229	3,571
Total Instruction	<u>2,610,736</u>	<u>2,614,842</u>	<u>(4,106)</u>
200 Support Services			
210 Pupil Services			
212 Guidance Services			
100 Salaries	46,150	46,150	-
200 Employee Benefits	15,347	14,712	635
400 Supplies and Materials	350	683	(333)
213 Health Services			
100 Salaries	5,632	5,152	480
200 Employee Benefits	9,509	8,675	834
300 Purchased Services	675	675	-
400 Supplies and Materials	500	424	76
215 Exceptional Program Services			
300 Purchased Services	27,500	23,291	4,209
220 Instructional Staff Services			
221 Improvement of Instruction Curriculum Development			
100 Salaries	133,734	133,734	-
200 Employee Benefits	52,686	52,997	(311)
224 Improv. of Instr. - In-svc and Staff Training			
100 Salaries	67,781	67,781	-
200 Employee Benefits	24,467	24,715	(248)
300 Purchased Services	9,000	5,731	3,269

**Riverview Charter School
Beaufort, South Carolina
General Fund
Schedule of Revenue, Expenditures and
Changes in Fund Balance – Budget to Actual
Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
230 General Administration Services			
231 Board of Education			
300 Purchased Services	15,000	5,685	9,315
318 Audit Fees	17,500	20,045	(2,545)
400 Supplies and Materials	46,219	39,110	7,109
600 Other Objects	32,038	40,118	(8,080)
233 School Administration			
100 Salaries	196,119	193,607	2,512
200 Employee Benefits	67,749	71,248	(3,499)
300 Purchased Services	4,250	18,185	(13,935)
400 Supplies and Materials	30,800	17,354	13,446
250 Finance and Operations Services			
252 Fiscal Services			
300 Purchased Services	54,720	55,398	(678)
600 Other Objects	8,200	8,343	(143)
253 Facilities Acquisition and Construction			
300 Purchased Services	-	858	(858)
254 Operation and Maintenance of Plant			
300 Purchased Services	526,415	577,398	(50,983)
321 Public Utilities	8,050	5,355	2,695
400 Supplies and Materials	-	1,147	(1,147)
470 Energy	97,200	81,093	16,107
255 Student Transportation			
300 Purchased Services	2,000	7,899	(5,899)
600 Other Objects	287	-	287
258 Security			
300 Purchased Services	5,000	2,971	2,029
260 Central Support Services			
263 Information Services			
300 Purchased Services	10,000	7,066	2,934
266 Technology and Data Processing Services			
100 Salaries	43,005	43,005	-
200 Employee Benefits	16,789	16,811	(22)
300 Purchased Services	21,307	26,480	(5,173)
400 Supplies and Materials	45,577	47,105	(1,528)

**Riverview Charter School
Beaufort, South Carolina
General Fund
Schedule of Revenue, Expenditures and
Changes in Fund Balance – Budget to Actual
Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
270 Support Services Pupil Activity			
271 Pupil Services Activities			
300 Purchased Services	15,000	16,336	(1,336)
600 Other Objects	78,696	82,786	(4,090)
Total Support Services	<u>1,735,252</u>	<u>1,770,123</u>	<u>(34,871)</u>
Total Expenditures	<u>4,345,988</u>	<u>4,384,965</u>	<u>(38,977)</u>
Excess/(Deficiency) of Revenues over Expenditures	164,690	64,382	(100,308)
Interfund Transfers, From (To) Other Funds:			
425-710 Transfer to Food Service Fund	-	(6,282)	(6,282)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(6,282)</u>	<u>(6,282)</u>
Net Change In Fund Balance	164,690	58,100	(106,590)
Fund Balances - July 1, 2012	<u>190,108</u>	<u>190,108</u>	<u>-</u>
Fund Balances - June 30, 2013	<u>\$ 354,798</u>	<u>\$ 248,208</u>	<u>\$ (106,590)</u>

Special Revenue Funds

To account for the operations of federal and state projects, which are required to be accounted for in separate funds.

Special Revenue Fund – This fund is used to account for all federal and state projects except for those subject to Education Improvement Act requirements.

Education Improvement Act Fund – This fund is used to account for the School's expenditures as a result of receiving state funds used in a comprehensive education reform plan which are required to be accounted for in separate programs and strategies.

The following combining and individual fund statements and schedules have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the various statements are also mandated by the South Carolina Department of Education.

**Riverview Charter School
Beaufort, South Carolina
Special Revenue Fund
Schedule of Revenue, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2013**

	<u>IDEA</u>	<u>Other Designated Restricted State Grants</u>	<u>Other Special Revenue Programs</u>	<u>Total</u>
Revenues				
3000 Revenue from State Sources				
3100 Restricted State Funding				
3120 General Education				
3123 Formative Assessment	\$ -	\$ 1,789	\$ -	\$ 1,789
3127 Student Health and Fitness - PE Teachers	-	4,348	-	4,348
3130 Special Programs				
3136 Student Health and Fitness - Nurses	-	31,468	-	31,468
3600 Education Lottery Act Revenue				
3607 6-8 Enhancement	-	779	-	779
3610 K-5 Enhancement	-	19,309	-	19,309
Total State Sources	-	57,693	-	57,693
4000 Revenue from Federal Sources				
4300 Elementary and Secondary Education Act of 1965 (ESEA)				
4341 Language Inst. for Limited English Profic. and Immigrant Students, Title III	-	-	552	552
4351 Improving Teacher Quality	-	-	1,777	1,777
4500 Programs for Children with Disabilities				
4510 Individuals With Disabilities Education Act (IDEA)	46,209	-	-	46,209
Total Federal Sources	46,209	-	2,329	48,538
Total Revenue All Sources	46,209	57,693	2,329	106,231
Expenditures				
100 Instruction				
110 General Instruction				
112 Primary Programs				
100 Salaries	-	4,348	-	4,348
113 Elementary Programs				
400 Supplies and Materials	-	20,088	-	20,088

**Riverview Charter School
Beaufort, South Carolina
Special Revenue Fund
Schedule of Revenue, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2013**

	<u>IDEA</u>	<u>Other Designated Restricted State Grants</u>	<u>Other Special Revenue Programs</u>	<u>Total</u>
120 Exceptional Programs				
127 Learning Disabilities				
100 Salaries	46,209	-	-	46,209
Total Instruction	<u>46,209</u>	<u>24,436</u>	<u>-</u>	<u>70,645</u>
200 Support Services				
210 Pupil Services				
213 Health Services				
100 Salaries	-	31,468	-	31,468
215 Exceptional Program Services				
300 Purchased Services	-	-	552	552
220 Support Services - Instructional Staff				
224 Improvement of Instruction In-service and Staff Training				
300 Purchased Services	-	1,789	481	2,270
230 Support Services - General Administration				
231 Board of Education				
400 Supplies and Materials	-	-	200	200
233 School Administration				
300 Purchased Services	-	-	1,096	1,096
Total Support Services	<u>-</u>	<u>33,257</u>	<u>2,329</u>	<u>35,586</u>
Total Expenditures	<u>46,209</u>	<u>57,693</u>	<u>2,329</u>	<u>106,231</u>
Excess of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - July 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - June 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Riverview Charter School
 Beaufort, South Carolina
 Special Revenue Fund
 Summary Schedule for Designated State Restricted Grants
 Year Ended June 30, 2013**

<u>Subfund</u>	<u>Revenue</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>
933	3123	Formative Assessment	\$ 1,789	\$ 1,789
936	3136	Student Health and Fitness - Nurses	31,468	31,468
937	3127	Student Health and Fitness - PE Teachers	4,348	4,348
960	3610	K-5 Enhancement	19,309	19,309
967	3607	6-8 Enhancement	779	779
	Totals		<u><u>\$ 57,693</u></u>	<u><u>\$ 57,693</u></u>

**Riverview Charter School
Beaufort, South Carolina
Education Improvement Act
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance – All Programs
Year Ended June 30, 2013**

Revenues

3000 Revenue from State Sources

3500 Education Improvement Act:	
3502 ADEPT	\$ 291
3532 National Board Certification Salary Supplement	22,500
3538 Students At Risk of School Failure	34,398
3577 Teacher Supplies	9,500
3585 Aid to Districts - Special Education	3,428
3597 Aid to Districts	8,262
3599 Other EIA	<u>169</u>

Total State Sources	<u>78,548</u>
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Total Revenue All Sources	<u>78,548</u>
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Expenditures

100 Instruction

110 General Instruction	
113 Elementary Programs	
100 Salaries	49,398
300 Purchased Services	291
400 Supplies and Materials	<u>9,669</u>

Total Instruction	<u>59,358</u>
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200 Support Services

210 Support Services - Students	
215 Exceptional Program Services	
300 Purchased Services	11,690
224 Improv. of Instr. - In-service and Staff Training	
100 Salaries	<u>7,500</u>

Total Support Services	<u>19,190</u>
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Total Expenditures	<u>78,548</u>
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Net Change in Fund Balance	-
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Fund Balance - July 1, 2012	<u>-</u>
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Fund Balance - June 30, 2013	<u><u>\$ -</u></u>
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**Riverview Charter School
 Beaufort, South Carolina
 Education Improvement Act
 Summary Schedule by Program
 Year Ended June 30, 2013**

Program	<u>Revenues</u>	<u>Expenditures</u>
3500 Education Improvement Act:		
3502 ADEPT	\$ 291	\$ 291
3532 National Board Certified	22,500	22,500
3538 Students At Risk of School Failure	34,398	34,398
3577 Teacher Supplies	9,500	9,500
3585 Aid to Districts - Special Education	3,428	3,428
3597 Aid to Districts	8,262	8,262
3599 Other EIA	169	169
	<u>169</u>	<u>169</u>
Totals	<u>\$ 78,548</u>	<u>\$ 78,548</u>

Proprietary Fund – Enterprise Fund

The enterprise fund records the financing, operation and maintenance of the Food Service Fund. The Food Service Fund operates in a manner similar to a private business enterprise. The fund's purpose is to provide balanced nutritional meals to School District students, some of which are free and reduced meals under the United States Department of Agriculture school breakfast and lunch programs.

**Riverview Charter School
Beaufort, South Carolina
Food Service Fund
Schedule of Revenues, Expenditures,
and Changes in Net Position
Year Ended June 30, 2013**

Revenues

1000 Revenue from Local Sources

1600 Food Service:

1610 Lunch Sales to Pupils \$ 67,470

Total Local Sources 67,470

4000 Revenue from Federal Sources

4800 USDA Reimbursement:

4810 School Lunch and After School Snacks Program 60,558

4900 Other Federal Sources:

4991 USDA Commodities 4,518

Total Federal Sources 65,076

Total Revenue All Sources 132,546

Expenditures

256 Food Services:

100 Salaries 60,873

200 Employee Benefits 13,492

400 Supplies and Materials

410 Supplies 4,641

460 Food Purchases 59,822

500 Capital Outlay

570 Depreciation 353

Total Expenditures 139,181

Excess (Deficiency) of Revenues over Expenditures (6,635)

Other Financing Sources (Uses)

5210 Transfers From General Fund 6,282

Total Other Financing Sources (Uses) 6,282

Change in Net Assets (353)

Fund Balance - July 1, 2012 1,989

Fund Balance - June 30, 2013 \$ 1,636

Compliance Section



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Governing Body
Riverview Charter School

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Riverview Charter School as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Riverview Charter School's basic financial statements, and have issued our report thereon dated November 8, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Riverview Charter School'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 Riverview Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Riverview Charter School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses, 2013-1 and 2013-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Riverview Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Riverview Charter School's Response to Findings

Riverview Charter School's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Riverview Charter 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 Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

McGay, Kiddy & Associates, LLC

November 8, 2013

**Riverview Charter School
Beaufort, South Carolina
Schedule of Findings and Responses
Year Ended June 30, 2013**

I. Summary of Independent Auditors' Results

Financial Statements

Type of report issued:	Unqualified		
Internal control over financial reporting: Material weaknesses identified?	<u> X </u>	Yes	<u> </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> No
Non-compliance material to financial statements noted?	<u> </u>	Yes	<u> X </u> No

II. Financial Statements Findings

2013-1 Application of Generally Accepted Accounting Principles

Criteria: Internal controls are an integral part of the financial reporting function. The *Statement on Auditing Standards* (SAS) state that an entity's internal control responsibilities extend to the preparation of the financial statements, including required disclosures.

Condition: Management and employees responsible for the accounting and reporting function lack the familiarity to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements.

Context: The School relies on the auditing firm to advise them of the requirements of GAAP.

Effect: The School's financial statements could not be in compliance with GAAP and the entity may not be aware of it.

Recommendation: Recommend the School hire or contract with an experienced professional that can advise them on GAAP requirements.

Response: The School has hired a qualified in-house employee for fiscal year 2014.

2013-2 Material Audit Adjustments

Criteria: An entity's internal control responsibility extends to include that a complete set of books be provided to the audit firm. A complete set of books consists of all material adjustments being recorded in the School's books, or the adjustments are provided to the auditor at the start of the audit.

Condition: The School's internal control functions did not identify material misstatements.

**Riverview Charter School
Beaufort, South Carolina
Schedule of Findings and Responses
Year Ended June 30, 2013**

- Context:** In order for the School's financial statements not to be materially misstated, we as auditors had to propose material adjustments to the financial statements that were not initially identified by the entities internal controls.
- Effect:** The financial statements did not present fairly until the auditors' proposed adjustments were recorded.
- Recommendation:** The School in conjunction with their consulting firm (now in-house employee), should strive to have all material accounts reconciled and adjusted prior to providing the auditors with the trial balance to begin auditing. If a needed adjustment is identified but not made by the School, the School can advise the auditors that such adjustment needs to be made at the start of fieldwork.
- Response:** The School has hired a qualified in-house employee for fiscal year 2014.

III. Summary Schedule of Prior Year Findings

2012-3 Cash Reconciliations

- Condition:** Cash reconciliations throughout the year do not agree to the trial balance. Transactions in QuickBooks are being changed after closing the month end.
- Recommendation:** We recommend the School in conjunction with their consulting firm (now in-house employee) set monthly closing dates to avoid changing transactions that affect cash after the reconciliation and management/board reports.
- Status:** Corrective action taken.

Findings 2013-1 and 2013-2 have been recurring since 2010.