



CLOVER SCHOOL DISTRICT

Each Child, Each Day... Excellence

CLOVER SCHOOL DISTRICT NO. 2

York County, South Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2013

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

Prepared By:

Clover School District No. 2
Office of Finance
Kenneth E. Love, CPA, RSBA

(This page intentionally left blank.)

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2013

INTRODUCTORY SECTION

| | <u>Reference</u> | <u>Page</u> |
|---|------------------|-------------|
| Organizational Chart | | 1 |
| Principal Officials | | 2 |
| Letter of Transmittal | | 3 |
| Certificate of Achievement for Excellence in Financial Reporting - GFOA | | 11 |
| Certificate of Excellence in Financial Reporting - ASBO | | 12 |

FINANCIAL SECTION

| | |
|-------------------------------------|----|
| INDEPENDENT AUDITOR'S REPORT | 13 |
|-------------------------------------|----|

| | |
|--------------------------------------|----|
| Management's Discussion and Analysis | 15 |
|--------------------------------------|----|

Basic Financial Statements

Government-Wide Financial Statements

| | |
|---------------------------|----|
| Statement of Net Position | 24 |
| Statement of Activities | 25 |

Fund Financial Statements

| | |
|--|----|
| Balance Sheet - Governmental Funds | 26 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 28 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 30 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities | 32 |
| Statement of Assets and Liabilities - Fiduciary Fund | 33 |

| | |
|--|----|
| <i>Notes to the Financial Statements</i> | 34 |
|--|----|

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

| | | |
|--|--------------|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual | Schedule A-1 | 55 |
|--|--------------|----|

Supplementary Information

Combining and Individual Fund Financial Schedules

General Fund

| | | |
|---|--------------|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balances - Final Budget and Actual | Schedule A-2 | 56 |
|---|--------------|----|

(Continued)

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2013

FINANCIAL SECTION (CONTINUED)

Supplementary Information (Continued)

Combining and Individual Fund Financial Schedules (Continued)

Special Revenue Funds

Special Revenue

| | | |
|--|--------------|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balances | Schedule B-1 | 64 |
|--|--------------|----|

| | | |
|--|--------------|----|
| Supplemental Listing of LEA Subfund Codes and Titles | Schedule B-2 | 76 |
|--|--------------|----|

| | | |
|---|--------------|----|
| Summary Schedule for Other Designated Restricted State Grants | Schedule B-3 | 77 |
|---|--------------|----|

Special Revenue - Education Improvement Act

| | | |
|---|--------------|----|
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs | Schedule B-4 | 78 |
|---|--------------|----|

| | | |
|-----------------------------|--------------|----|
| Summary Schedule by Program | Schedule B-5 | 82 |
|-----------------------------|--------------|----|

Other Schedules

| | | |
|--|--------------|----|
| Detailed Schedule of Due to State Department of Education/ Federal Government | Schedule B-6 | 83 |
|--|--------------|----|

Debt Service Fund

| | | |
|---|--------------|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance | Schedule C-1 | 87 |
|---|--------------|----|

Capital Projects Fund

| | | |
|---|--------------|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance | Schedule D-1 | 91 |
|---|--------------|----|

Food Service Fund

| | | |
|---|--------------|----|
| Schedule of Revenues, Expenses, and Changes in Fund Balance | Schedule E-1 | 95 |
|---|--------------|----|

Fiduciary Fund - Agency Fund - Pupil Activity Fund

| | | |
|--|--------------|----|
| Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations | Schedule F-1 | 99 |
|--|--------------|----|

| | | |
|--|--------------|-----|
| Schedule of Changes in Assets and Liabilities in Due To Student Organizatons | Schedule F-2 | 100 |
|--|--------------|-----|

Supplemental Schedule

| | | |
|----------------------------------|--|-----|
| Location Reconciliation Schedule | | 101 |
|----------------------------------|--|-----|

STATISTICAL SECTION (UNAUDITED)

Financial Trends Information

| | | |
|---|---------|-----|
| Net Position by Component - Last Ten Fiscal Years - Accrual Basis of Accounting | Table 1 | 105 |
|---|---------|-----|

| | | |
|---|---------|-----|
| Changes in Net Position - Last Ten Fiscal Years - Accrual Basis of Accounting | Table 2 | 106 |
|---|---------|-----|

| | | |
|---|---------|-----|
| Fund Balances of Governmental Funds - Last Ten Fiscal Years - Modified Accrual Basis of Accounting | Table 3 | 108 |
|---|---------|-----|

(Continued)

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2013

STATISTICAL SECTION (UNAUDITED) (CONTINUED)

Financial Trends Information (Continued)

| | | |
|--|---------|-----|
| Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years - Modified Accrual Basis of Accounting | Table 4 | 109 |
|--|---------|-----|

Revenue Capacity Information

| | | |
|---|---------|-----|
| Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years | Table 5 | 111 |
| Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years | Table 6 | 112 |
| Principal Property Taxpayers - Current and Nine Years Ago | Table 7 | 113 |
| Property Tax Levies and Collections - Last Ten Fiscal Years | Table 8 | 114 |

Debt Capacity Information

| | | |
|---|----------|-----|
| Ratios of Outstanding Debt by Type - Last Ten Fiscal Years | Table 9 | 115 |
| Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years | Table 10 | 116 |
| Direct and Overlapping Governmental Activities Debt - As of June 30, 2012 | Table 11 | 117 |
| Legal Debt Margin Information - Last Ten Fiscal Years | Table 12 | 118 |

Demographic and Economic Information

| | | |
|---|----------|-----|
| Demographic and Economic Statistics - Last Ten Fiscal Years | Table 13 | 119 |
| Principal Employers - Current Year and Six Years Ago | Table 14 | 120 |

Schedule of Operating Information

| | | |
|--|----------|-----|
| Full-Time Equivalent Clover School District No. 2 Employees by Function - Last Ten Fiscal Years | Table 15 | 121 |
| Operating Indicators by Function - Last Ten Fiscal Years | Table 16 | 122 |
| Capital Asset Statistics by Function - Last Ten Fiscal Years | Table 17 | 123 |

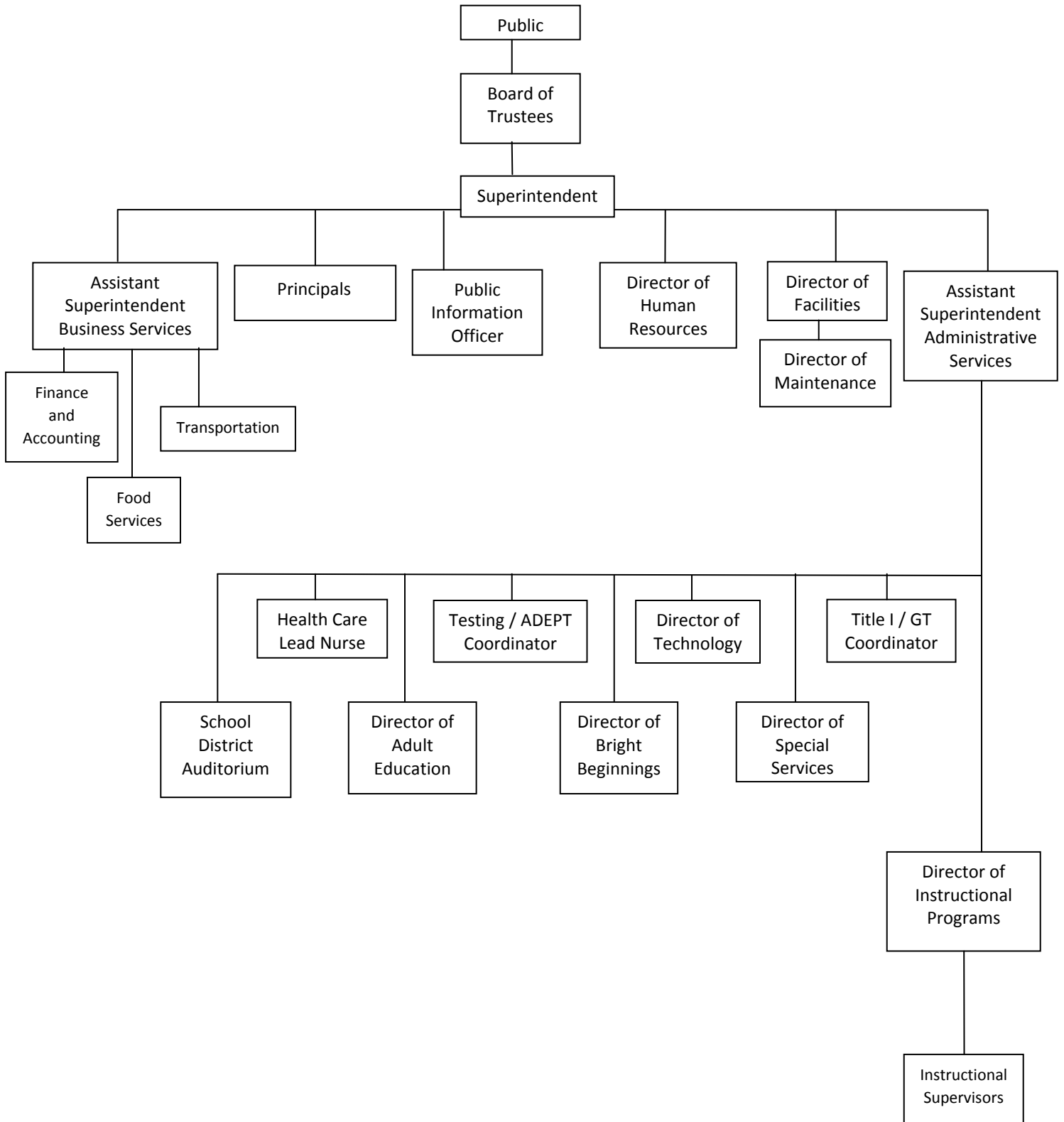
COMPLIANCE SECTION

| | |
|---|-----|
| Schedule of Expenditures of Federal Awards | 125 |
| Notes to the Schedule of Expenditures of Federal Awards | 126 |
| 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> | 127 |
| Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance as Required by OMB A-133 | 129 |
| Summary Schedule of Prior Audit Findings | 131 |
| Schedule of Findings and Questioned Costs | 132 |

(This page intentionally left blank.)

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

ORGANIZATIONAL CHART



**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

PRINCIPAL OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2013

Board Meetings are held on the third Monday of each month at 7:00 PM. Five Board of Trustee members are elected for four year terms from single member districts, and two are elected at-large, for a four year term. The Superintendent is appointed by the Board of Trustees.

Board of Trustees

Franklin Pendleton, Chairperson
Mack McCarter, Vice-Chairman
Melanie Wilson, Secretary
Sherri Ciurlik
Joe Gordon
Elizabeth Johnson
Barbara Parrish

Administrative

| <u>Title</u> | <u>Name</u> |
|---|-------------------------|
| Superintendent | Dr. Marc Sosne |
| Assistant Superintendent, Business Services | Kenneth Love, CPA, RSBA |
| Assistant Superintendent, Curriculum & Admin Services | Dr. Sheila Quinn |
| Director of Accounting/Procurement | Jerry Holliday |
| Director of Facilities | Chris Dalton |
| Director of Finance | Amy Cooper |
| Director of Food Services | Susan Roberts |
| Director of Human Resources | Warren Barkley |
| Director of Instructional Programs | Pam Cato |
| Director of Special Services | Cathy McCarter |
| Director of Technology | Denise Hammett |
| Director of Transportation | Tony Mogavero |
| Public Information Officer | Mychal Frost |



November 26, 2013

To the Citizens of Clover School District No. 2:

We are pleased to submit the *Comprehensive Annual Financial Report* (“**CAFR**”) of Clover School District No. 2 (“School District”) for the fiscal year ended June 30, 2013. State law requires that all school districts publish within five months of the close of each fiscal year a complete set of financial statements. This report has been prepared in conformity with generally accepted accounting principles (“GAAP”) as set forth by the Governmental Accounting Standards Board (“GASB”) and other recognized authoritative sources.

This report consists of management’s representations concerning the finances of the School District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented. To provide a reasonable basis for making these representations, management of the School District has established a comprehensive internal control framework that is designed both to protect the School District’s assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the School District’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the School District’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. We also believe that all disclosures necessary to enable the reader to gain an understanding of the School District’s financial activities have been included.

The School District’s financial statements have been audited by Greene, Finney & Horton, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the School District for the fiscal year ended June 30, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the School District’s financial statements for the year ended June 30, 2013 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the School District was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the

independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this comprehensive annual financial report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion & Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors.

REPORTING ENTITY

The School District defines its reporting entity by applying the criteria set forth in GASB #14 and GASB #39 to potential component units. Briefly, a component unit is an organization for which the School District is financially accountable or other organizations that, because of the nature or significance of their relationship with the School District, would cause the School District's financial statements to be misleading or incomplete if they were omitted from the reporting entity. These criteria are discussed in more detail in Note 1 to the financial statements.

Using these criteria, management has determined that the School District has no component units, nor is it a component unit of any other organization.

GENERAL INFORMATION, LOCAL ECONOMIC CONDITION AND OUTLOOK

The School District is one of four K-12 school districts within York County and is located in the northern section of the County bordering North Carolina. It encompasses the entire Town of Clover and includes approximately 28% of the County's total assessed value.

The School District has been providing educational programs since 1915 when one school with an enrollment of 202 was established. It was established in its present form in 1953 when five rural districts were consolidated. Presently the School District serves 6,727 students in grades pre-K through 12th and projects enrollment to increase to 6,887 students for 2013-2014 fiscal year. The School District currently operates nine schools: Bethany Elementary (preK-5), Bethel Elementary (preK-5), Kinard Elementary (preK-5), Griggs Road Elementary (preK-5), Larne Elementary (preK-5), Crowders Creek Elementary (preK-5), Clover Middle (6-8), Oakridge Middle (6-8), and Clover High (9-12).

During the 2011-2012 school year, the School District was evaluated and accredited by AdvancED. School District accreditation is a national protocol for school districts committed to systemic, systematic, and sustainable improvement. When a district earns accreditation, all schools in the district must meet the AdvancED Accreditation standards for quality school systems, engage in continuous improvement, and demonstrate quality assurance through internal and external review. Accreditation standards a district must demonstrate are:

- Vision and Purpose
- Governance and Leadership
- Teaching and Learning
- Documenting and Using Results
- Resources and Support Systems
- Stakeholder Communications and Relationships
- Commitment to Continuous Improvement

The School Board of Trustees is made up of seven members, five of whom must live in certain geographic areas and two of whom are elected at large. All qualified electors are eligible to vote for each member of the Board. The Board meets the third Monday of each month except for July and December. The Superintendent is appointed by the Board of Trustees and is responsible to the Board for the operation of all phases of the School District's activities.

York County is located in the Piedmont section of South Carolina and is bordered on the north by North Carolina. The county has a land area of 685 square miles and had a population of 234,635 in 2012. This figure represents an approximate 3.62% increase in population over the 2010 census of 226,073. The District encompasses approximately 142 square miles of the County. The County's per capita income was \$34,053 in 2011. The County's unemployment rate was 8.2% at June 30, 2013, which is lower than the rate at June 30, 2012 of 10.8%. The County is served by two major interstates, Interstate 85 and Interstate 77, which provide access to the larger metropolitan area of Charlotte, North Carolina.

While industrial and manufacturing plants are still a major source of employment for York County residents, a broader, more diversified base of employment also exists in the County, with Duke Energy Corporation, Wells Fargo Home Mortgage, the County of York, Winthrop University, Cedar Fair Entertainment Company-Carowinds, and all four of the County's school districts being in the list of top 25 employers in the County.

MAJOR INITIATIVES

The District focused the 2012-2013 fiscal year on closing the achievement gap and improving test scores. The following are initiatives implemented within the 2012-2013 fiscal year:

Academic Resources:

- Through continued collaborative efforts with York County Early Learning Partnership and York County First Steps, the free medical clinic offered within Clover Family Resource Center/Bright Beginnings offers services of a family nurse practitioner in addition to a pediatrician and nurse.
- The School District continues to partner with York Technical College to expand our ability to bring dual credit opportunities to our students. York Tech has made it possible for the district to administer the COMPASS college placement test to targeted juniors/seniors. These test scores will be used as the main qualifying criteria for admittance into dual credit courses offered at Clover High School through York Technical College.

- The School District continued with the Middle College program with a joint partnership with York Technical College. The program is a non-traditional high school program designed for juniors and seniors with a high aptitude and potential for college success. The long-term goal of the Middle College is to promote a college going culture by engaging students in relevant learning while providing them an opportunity to graduate.
- The School District implemented an Elementary After School Tutoring Program to provide additional instructional time for identified students. Students selected based on teacher recommendations and PASS/MAP results receive targeted instruction to support the daily core curriculum and instructional standards.

Literacy:

- The School District started a summer reading program, which included a mobile library. Books on Wheels made several stops throughout the school district to make age-appropriate books available to school-aged children who do not have access to school libraries during the summer months. A grant from Scholastic Inc. allowed the school district to distribute books at the end of summer to children who participated in the program.
- The School District continues to partner with the Early Learning Partnership of York County and York County First Steps in support of the Dolly Parton Imagination Library. This program encourages reading by mailing a developmentally appropriate book each month to over 400 children ages birth to five years.
- Schools in the School District continued to implement reading programs in order to promote literacy and prevent regressions of reading and comprehension skills.

Construction:

- Renovations of science labs and guidance areas at Clover High School were substantially completed and were available for use in the 2012-2013 year.
- An addition of administrative space was started at Crowders Creek Elementary School. Existing administrative space will be renovated into classroom space when the addition is completed in the fall of 2013.
- Additions of covered walkways at several schools were started in May 2013 and were completed by October 2013.
- The District has begun planning for a bond referendum in the spring of 2014. This will include funding for the construction of two new schools and renovations at others.

District-Wide Accomplishments for FY 2012-2013 were as follows:

- The School District received an "Excellent" rating for both performance and growth on the 2013 SC Annual School District Report Card, which rated the district as the fourth highest performing district in the state.
- The majority of the schools earned the Palmetto Gold and Silver Award from the State for attaining high levels of absolute performance, high rates of growth, and for making substantial progress in closing the achievement gap.
- The School District had seven teachers receive National Board Certification. The School District total is now 106 teachers who have achieved this honor and accomplishment.

- The School District continues to work in collaboration with the Second Harvest Food Bank of Metrolina in the “backpack” program for students in our district who are in need of food in their homes over the weekends.
- The School District continued the lunch buddy program. This program allows community members into the schools to work with students.

FINANCIAL INFORMATION

Budgetary Control

The School District’s budget process is developed using, as a foundation, the School District’s Motto, Mission Statement, Values, and Beliefs.

School District’s Motto

Each child, Each day...Excellence

School District’s Mission Statement

Clover Schools will prepare each child for a successful, productive and responsible future.

School District’s Values

Our value statements define how we, as quality educators, work with each other and those we serve. These statements reflect our shared beliefs and fundamental assumptions and guide us in our actions.

We Value:

- Meaningful experiences that shape students’ vision for the future
- Continuous improvement through collaboration
- Individualized and personally relevant education
- Safe and nurturing environment

School District’s Beliefs

- The purpose of school is to design meaningful experiences where students acquire knowledge and skills to successfully explore the challenges of today and tomorrow.
- The responsibility of leaders is to provide the vision, time, resources, and collaborative environment that promote continuous improvement.
- The focus of educators is to design engaging, meaningful work for all students and ensure that they learn to their highest potential.
- The role of the school, parents, and community is to create a safe and supportive environment for all students to learn and thrive.

The School District exercises budgetary controls in order to ensure compliance with the provisions set forth in the annual budget adopted by the Board of Trustees. Beginning in February, the principals provide the Assistant Superintendent for Business Services with their lists of personnel and facility needs for the upcoming school year. These are prioritized and discussed with the Superintendent. A proposed budget is then prepared and presented to the Board of Trustees which adopts the General Fund budget by June 30th. The School District utilizes the modified accrual basis of accounting for all governmental funds and uses encumbrance accounting to accomplish budgetary control at the function level. School District policies allow the Superintendent or Assistant Superintendent for Business Services to authorize transfers between function and object accounts as long as the total spending does not exceed the approved budget. Board approval is required for additional personnel positions and supplemental appropriations that are additional to the budget. Encumbrance accounting is utilized to assist in budgetary control and encumbrances lapse at year end. The Board is provided a budget status report for both general fund revenues and expenditures on a monthly basis for review.

Special revenue fund budgets are controlled in conformance with the specific requirements of that fund, and budgets are not legally adopted. Budgets are not adopted for the Capital Projects Fund or the Debt Service Fund. Debt Service expenditures are set in accordance to the bond issue requirements, with revenues needed to pay the debt service requirements levied by the County Auditor.

Subsequent to the adoption of the budget by the Board, the Assistant Superintendent for Business Services certifies to the County Auditor the amount of millage required to raise sufficient funds to defray the cost of operating the School District and to pay the bonded indebtedness incurred by the School District. Pursuant to Act No. 449 enacted during the 1975 Session of the General Assembly of the State of South Carolina, the General Assembly provided for the levying of school taxes for the School District. Part III, Section 6 of Act No. 449 empowers the Board of the School District to levy taxes to provide funds for school operating expenses provided such levy may not be increased more than four mills in any year over that levied for a preceding year without the approval of the qualified electors of the School District voting in a referendum. Act No. 744 enacted at the 1990 Session of the General Assembly of South Carolina increased this limitation from four to six mills.

Since 1969, a county-wide millage has been levied for the operation of the four school districts of York County pursuant to Act No. 1663 of the Acts and Joint Resolutions of the General Assembly for the year 1968. Beginning with the 1981-82 school year and continuing through the 1986-87 school year, the proceeds of the county levy were distributed on a per pupil (average daily membership) basis to the four districts within the County. However, pursuant to the provisions of Act No. 292 passed by the General Assembly in 1987, authorization was provided to distribute the receipts from one mill levied under the countywide school levy to the school district with the lowest assessed value. Pursuant to the provisions of Act No. 744 enacted during the 1990 Session of the General Assembly of the State of South Carolina, the countywide levy was raised to thirty-three mills and the authorization to distribute the receipts from one mill to the district with the lowest assessed value was continued. After reappraisal of all property in calendar year in 2005, the total of countywide mills was reduced to thirty. Currently, York School District One has the lowest assessed value in the County.

Long Term Financial Planning

Providing adequate, safe facilities is a primary objective of the School District and currently no mobile units are used as classrooms. The School District evaluates facilities on an ongoing basis in order to provide additional instructional space prior to the existing space becoming overcrowded. The School District projects needs three to five years in the future and uses a combination of in-house resources and consultants in order to provide information for the Board to use in making decisions.

The unassigned fund balance in the General Fund at year-end was \$17,308,602. The School District has a goal of an unassigned fund balance in the General Fund of approximately 25% of the subsequent year's budget. Any resources in excess of that amount are restricted for future capital needs. The School District believes that a positive fund balance in this range is sound financial management. Such a fund balance serves several purposes. The first is to ensure that the instructional program is not interrupted by unexpected budgetary constraints such as state budget cuts which have been enacted in recent years. Secondly, the School District does not have to utilize short term tax anticipation notes to provide adequate cash flow in the later months of the year. The third purpose is to maintain a positive bond rating when bonds are issued.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Greene, Finney, and Horton, LLP, was selected by the School District's Board of Trustees to perform the School District's annual audit for the fiscal years ending 2005 through 2013. In addition, the audit was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the provisions of OMB Circular A-133. The auditor's report on the financial statements is included in the Financial Section of this report, and the auditor's report related specifically to the single audit is included in the Compliance Section of this report.

Awards

Our Comprehensive Annual Financial Report for fiscal year ended June 30, 2012 was a recipient of the prestigious awards of excellence, from both the Government Finance Officers Association ("GFOA") with their Certificate of Achievement for Excellence in Financial Reporting, and from the Association of School Business Officials ("ASBO") with their Certificate of Excellence in Financial Reporting. These two awards are made only to governmental units that publish a comprehensive annual financial report that is easily readable, efficiently organized, and conform to program standards, as well as satisfy generally accepted accounting principles and applicable legal requirements.

These awards are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet each program's requirements, and we are submitting it to the GFOA and to ASBO to determine its eligibility for another certificate.

Acknowledgements

The completion of this comprehensive annual financial report is attributed to the hard work and professional dedication of the entire Finance Department. Their dedication and efficient services have made the timely preparation of this report possible. I would like to acknowledge the cooperation and assistance of the School District's school and departmental administration throughout the year in the efficient management of the District's financial operations. I would also like to thank our audit firm Greene, Finney, & Horton, LLP for their professional services in auditing the information contained within this document and their invaluable assistance with the compiling and printing of this financial report.

The administration would also like to thank the entire School Board of Trustees for their continued support of excellence in financial reporting and fiscal integrity. Without their help, we would not be able to maintain the exceptional staff needed to assure such a high level of competency.

This report reflects the School District's commitment to the citizens of Clover School District No. 2 and the financial community to provide information in conformance with the highest standards of financial accountability.

Respectfully Submitted,



Kenneth E. Love, CPA, RSBA
Asst. Superintendent for Business Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Clover School District No. 2
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Clover School District No. 2

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



Ron McCulley, CPPB, RSBO
President

John D. Musso, CAE, RSBA
Executive Director

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Clover School District No. 2
Clover, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clover School District No. 2, South Carolina (the "School District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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, each major fund, and the aggregate remaining fund information of Clover School District No. 2, South Carolina, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013 on our consideration of the School District'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 District's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 15, 2013

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

This discussion and analysis of the Clover School District No. 2's (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to present the School District's financial performance as a whole; readers should also review the transmittal letter, the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2013 are as follows:

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by approximately \$138.8 million. Of this amount, approximately \$58.7 million may be used to meet the School District's ongoing obligations (unrestricted net position).
- The School District's total net position increased by approximately \$12.9 million. Most of this increase in total net position is due to the School District's desire to build net position (set aside funds) in anticipation of future building projects and because expenditures for capital assets and bond payments are not considered expenses in the government-wide financial statements, partially offset by depreciation expense.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$70.0 million, an increase of approximately \$6.9 million from the prior year ending fund balance, which is primarily attributable to an increase in local taxes. Approximately 25% of the total fund balance amount (unassigned fund balance), or approximately \$17.3 million, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$17.3 million, which was approximately 30% of total current year General Fund expenditures.
- The School District's total capital assets increased by approximately \$1.3 million (approximately 1%) during the current fiscal year. Key factors in this increase were Capital Asset additions of approximately \$4.8 million, partially offset by depreciation expense of approximately \$3.5 million.
- The School District's total debt (including premium) decreased by approximately \$5.1 million (8%) during the fiscal year due to scheduled principal payments of \$5.0 million and amortization of the premium of approximately \$0.1 million.
- During the 2013 fiscal year, the School District's governmental fund type revenues were approximately \$90.5 million compared to approximately \$86.3 million in the prior year. This increase of approximately 5% was primarily due to increased local taxes.
- The School District had approximately \$77.1 million in expenses related to governmental activities, as reported under GASB #34 requirements. Approximately \$26.0 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of approximately \$64.0 million provided remaining funding for these programs.
- The School District implemented Governmental Accounting Standards Board ("GASB") Statement No. 63, *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position"* ("GASB 63" or "Statement") in 2013. This Statement establishes financial reporting requirements and related disclosures for certain elements of a statement of financial position that were discussed in the GASB's 2007 Concepts Statement No. 4, *"Elements of Financial Statements"*. In Concepts Statement No. 4, the GASB defines a *deferred outflow of resources* as a consumption of net assets by a government that is applicable to a future reporting period; a *deferred inflow of resources* as an acquisition of net assets by a government that is applicable to a future reporting period; and *net position* as the residual of all other elements presented in a statement of financial position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources). Under GASB 63, amounts for items that the GASB has designated to be deferred outflows of resources are to be presented in a statement of financial position in a separate section following assets, while amounts for items that the GASB has designated to be deferred inflows of resources are to be presented in a separate section following liabilities. The residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources is to be reported as net position rather than as net assets in a statement of financial position. Since the School District had no deferred outflows or inflows of resources at June 30, 2013, the School District's implementation of GASB 63 had no material effect on the presentation of its 2013 financial statements.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *Introductory Section*, *Financial Section* (which includes management's discussion and analysis, the financial statements, and the combining and individual fund schedules), *Statistical Section* and the *Compliance Section*.

Government-Wide Financial Statements. The financial statements include two kinds of statements that present different views of the School District. The first two statements are *government-wide financial statements* that provide a broad overview of the School District's overall financial status, in a manner similar to a private-sector enterprise.

The *Statement of Net Position* presents information on all of the School District's assets, deferred outflows (if any), liabilities, and deferred inflows (if any), with the difference 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 District is improving or deteriorating.

The *Statement of Activities* presents information showing how the School District'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, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, community services and intergovernmental. The School District does not have any business-type activities.

Fund Financial Statements. The remaining financial statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in more detail than the government-wide 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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary 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 uses 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 the comparison between governmental funds and governmental activities.

The School District maintains six individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Special Revenue Fund, Special Revenue – Education Improvement Act ("EIA") Fund, Special Revenue – Food Service Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the School District's own programs. The School District is the trustee, or fiduciary, for the pupil activities of the schools and accounts for this activities in an agency fund. The fiduciary fund financial statement can be found as listed on the table of contents 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.

Other information. The combining and individual fund schedules referred to earlier in connection with governmental funds can be found as listed in the table of contents of this report.

The School District has a legally adopted budget only for its General Fund. A budgetary comparison schedule for this fund has been provided as required supplementary information for this fund to demonstrate compliance with its budget.

The government-wide financial statements, the fund financial statements, the notes to the financial statements, and other information can be found as listed in the table of contents.

| Figure A-1 Major Features of the School District's Government-Wide and Fund Financial Statements | | | |
|---|--|--|---|
| | Government-Wide Financial Statements | Fund Financial Statements | |
| | | Governmental Funds | Fiduciary Funds |
| Scope | Entire School District government (except fiduciary funds) | The activities of the School District that are not proprietary fiduciary | Instances in which the School District is the trustee/agent for someone else's resources |
| Required Financial Statements | <ul style="list-style-type: none"> Statement of Net Position Statement of Activities | <ul style="list-style-type: none"> Balance sheet Statement of Revenues, Expenditures, and Changes in Fund Balances | <ul style="list-style-type: none"> Statement of Fiduciary Assets and Liabilities |
| Accounting basis and Measurement Focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type of Asset/Liability Information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used and liabilities that come due during the year or soon, thereafter; no capital assets included | All assets and liabilities, both short-term and long-term; the School District's funds do not currently contain capital assets, although they can |
| Type of Inflow/Outflow Information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid |

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by approximately \$138.8 million at the close of the current and prior fiscal year.

The following table provides a summary of the School District's net position as of June 30, 2013 compared to June 30, 2012:

Net Position - Governmental Activities

| | 2013 | 2012 |
|----------------------------------|-----------------------|-----------------------|
| Assets | | |
| Current and Other Assets | \$ 80,598,157 | \$ 75,674,817 |
| Capital Assets, Net | 127,907,680 | 126,612,983 |
| Total Assets | <u>208,505,837</u> | <u>202,287,800</u> |
| Liabilities | | |
| Other Liabilities | 9,563,261 | 11,139,254 |
| Long-Term Liabilities | 60,143,946 | 65,239,942 |
| Total Liabilities | <u>69,707,207</u> | <u>76,379,196</u> |
| Net Position | | |
| Net Investment in Capital Assets | 67,763,734 | 61,373,041 |
| Restricted | 12,332,909 | 8,941,640 |
| Unassigned | 58,701,987 | 55,593,923 |
| Total Net Position | <u>\$ 138,798,630</u> | <u>\$ 125,908,604</u> |

The School District's current and other assets at June 30, 2013 increased by approximately \$4.9 million from the prior year, primarily due to operating revenues exceeding expenses. The School District's capital assets June 30, 2013 increased by approximately \$1.3 million from the prior year. The increase was primarily due to the Clover High School additions, and other additions of approximately \$4.8 million partially offset by depreciation expense of approximately \$3.5 million. Total liabilities at June 30, 2013 decreased by approximately \$6.7 million from the prior year. This decrease was primarily due to the scheduled principal payments on long-term debt and amortization of the premium.

The School District's net position increased by approximately \$12.9 million during 2013, which is the result of current year revenues exceeding current year expenses. Please see discussion following the next table regarding this increase.

In the case of the School District, assets exceeded liabilities (net position) by approximately \$138.8 million at the close of the most recent fiscal year. By far the largest portion of the School District's net position (approximately \$67.8 million or 49%) reflects its investment in net capital assets (i.e., land, buildings, furniture and equipment, etc.) less any related outstanding debt and capital leases used to acquire those assets. The School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay these long-term obligations must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the School District's net position of approximately \$12.3 million (9%) represents resources that are subject to external restrictions on how they may be used. This net position is restricted for special revenue programs (which are restricted by the revenue source), food service program, and debt service payments. The remaining balance is unassigned net position of approximately \$58.7 million (42%) which may be used to meet the government's ongoing obligations to citizens and creditors.

The following table shows the changes in net position for fiscal year 2013 compared to 2012.

| Change in Net Position - Governmental Activities | | |
|---|-----------------------|-----------------------|
| Revenues | 2013 | 2012 |
| Program Revenues: | | |
| Charges for Services | \$ 2,750,861 | \$ 2,758,761 |
| Operating Grants | 23,218,325 | 20,399,438 |
| General Revenue: | | |
| Taxes | 63,781,179 | 61,572,281 |
| Other | 257,435 | 957,284 |
| Total Revenues | <u>90,007,800</u> | <u>85,687,764</u> |
| Program Expenses | | |
| Instruction | 42,448,199 | 41,237,942 |
| Support Services | 31,783,805 | 29,045,695 |
| Intergovernmental | 128,322 | 87,829 |
| Interest and Fiscal Charges | 2,757,448 | 2,982,741 |
| Total Program Expenses | <u>77,117,774</u> | <u>73,354,207</u> |
| Change in Net Position | 12,890,026 | 12,333,557 |
| Net Position, Beginning of Year | <u>125,908,604</u> | <u>113,575,047</u> |
| Net Position, End of Year | <u>\$ 138,798,630</u> | <u>\$ 125,908,604</u> |

Governmental Activities. The School District's net position for Governmental Activities from 2012 to 2013 increased by approximately \$12.8 million or 10%. Key elements that impacted the change in net position for 2013 are as follows:

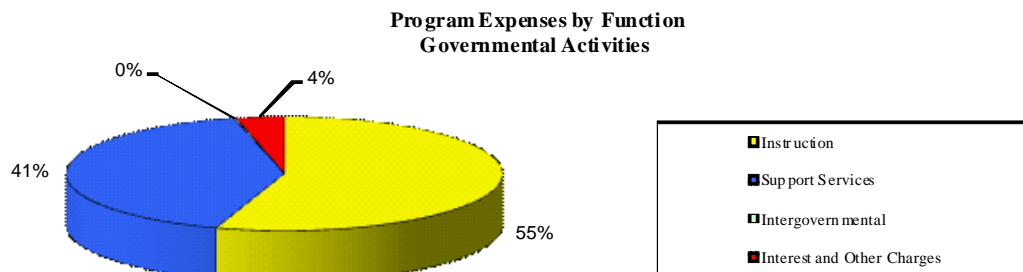
- Operating revenues of the School District continuing to exceed the operating expenses of the School District (as expenditures for capital assets, construction projects and bond payments are not considered expenses in the government-wide statements, partially offset by depreciation).
- The School District's desire to build funds (net position) for future construction.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

Governmental Funds

The analysis of governmental funds serves the purpose of determining available fund resources, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

For the year ended June 30, 2013, the School District's governmental funds reported a combined fund balance of approximately \$69.9 million, as compared to approximately \$63.0 million for the prior year. The difference is due primarily to higher than expected local revenues and lower than budgeted expenditures. 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. At June 30, 2013, the School District's unassigned fund balance for all governmental funds was approximately \$17.3 million. The remaining \$52.6 million is primarily restricted or assigned for inventories, special revenue, special education, capital projects, debt service, and food service.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unassigned fund balance of the General Fund totaled approximately \$17.3 million (which was also the total fund balance). The fund balance for the School District's General Fund increased by approximately \$1.4 million (9%) during fiscal year 2013. The School District has a goal of 25% of its subsequent year's operation budget as its unreserved and undesignated fund balance for the General Fund.

The School District's major funds include the General Fund, as described above, Special Revenue Fund, Special Revenue-EIA Fund, Special Revenue – Food Service Fund, Debt Service Fund, and Capital Projects Fund.

The School District's Special Revenue Fund and Special Revenue – EIA Fund, generally are used to account for revenues derived from the State of South Carolina and the Federal Government. In general, these Special Revenue Funds do not have significant fund balances as revenues should be expended, deferred, or returned to the grantor. The Special Revenue – Food Service Fund is used to account for the School District's food service operations. The fund balance remained fairly constant with the prior year.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (CONTINUED)

Governmental Funds (Continued)

The Debt Service Fund is shown in the accompanying financial statements of the School District. The fund is used to account for debt retirement. The fund balance for the Debt Service Fund increased by approximately \$3.2 million from the prior year's balance, primarily due collections exceeding debt payments. The fiscal year ended 2013 fund balance was approximately \$12.1 million which is reserved for the payment of debt service.

The Capital Projects Fund is utilized to account for the School District's significant capital project transactions. The fund balance for the Capital Projects Fund increased by approximately \$2.1 million in 2013 to approximately \$39.4 million at June 30, 2013. The increase was primarily due to construction related expenditures, offset by transfers from the General Fund.

General Fund Budgetary Highlights

The School District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The School District has only one legally adopted budget – the General Fund. During the course of fiscal year 2013 no amendments to the School District's General Fund revenue or expense budgets were made. Key budget to actual highlights are as follows:

- The School District's total assessed value for property taxes was higher than anticipated at budget time.
- Student enrollment increased.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the School District's investment in capital assets was approximately \$127.9 million, net of accumulated depreciation. The total increase in the School District's investment in net capital assets was approximately \$6.4 million, or 10%.

The following table shows the capital asset balances as of June 30, 2013 compared to June 30, 2012:

Capital Assets - Governmental Activities

| | 2013 | 2012 |
|--------------------------------|----------------|----------------|
| Land | \$ 13,831,793 | \$ 13,506,793 |
| Construction in Progress | 8,816,404 | 6,050,736 |
| Building and Improvements | 135,399,938 | 134,446,623 |
| Machinery and Equipment | 5,658,275 | 4,967,980 |
| Less: Accumulated Depreciation | (35,798,730) | (32,359,149) |
| Totals | \$ 127,907,680 | \$ 126,612,983 |

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Major capital asset events during the current fiscal year included:

- Construction in Progress additions at Clover High and Crowder's Creek Elementary of approximately \$2.7 million.
- Various other additions of approximately \$2.0 million.
- Depreciation expense of approximately \$3.5 million.

For more information on the School District's capital assets, see the notes to the financial statements.

Debt Administration

As shown in Table 4, the School District had outstanding debt of approximately \$60.1 million and \$65.2 million as of June 30 2013 and 2012, respectively. During 2013, the School District made scheduled principal payments on debt of approximately \$5.0 million, and had amortization of premium of approximately \$0.1 million. All of the School District's debt is backed by the full faith and credit of the School District as is typical with general obligation ("GO") bonded indebtedness.

Table IV
Outstanding Debt, at Year End

| Long-Term Debt | 2013 | 2012 |
|---------------------------|----------------------|----------------------|
| 2007-A GO Bonds* | \$ 58,450,000 | \$ 58,475,000 |
| 2008 GORB * | - | 4,950,000 |
| Premium - 2007-A GO Bonds | 1,693,946 | 1,814,942 |
| | <u>\$ 60,143,946</u> | <u>\$ 65,239,942</u> |

* Debt is not subject to the constitutional debt limit of 8%.

The State limits the amount of general obligation debt that school districts can issue to 8% of the assessed value of all taxable property within the School District's corporate limits. The School District's constitutional debt limit at June 30, 2013 was approximately \$25.0 million.

The premium on the 2007-A GO Bonds is shown on the government-wide statement of net position as a deferred long-term obligation and will be amortized over the life of the bonds in accordance with generally accepted accounting principles. The amortization will result in the School District spreading out the additional proceeds received from the premium over the life of the GO bonds.

More detailed information about the School District's debt and other long-term obligations is presented in the notes to the financial statements.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

ECONOMIC FACTORS

The School District is located in the northern part of York County in the northernmost section of South Carolina and includes the Town of Clover, which is the largest municipality in the School District, with a 2011 population of 5,094. The School District is bordered on the north by the State of North Carolina, the east by Lake Wylie, the south by York School District No. 1 and the west by Cherokee County and encompasses a land area of approximately 142 square miles.

The School District has been in operation since 1915 when one school with an enrollment of 202 was established. Presently, the School District operates nine schools and has a total enrollment of approximately 6,727 students. The School District in its present form was established in 1953 when five former school districts were consolidated into the School District.

Industry in the School District consists of two yarn mills, a carpet yarn plant, a plant making computer components, an automotive brake pads plant, a textile machinery plant, a plant manufacturing rubber gloves and other rubber products, several knit fabrics plants, a plant manufacturing metalworking tools, and several lesser industries.

Duke Power Company has constructed the Catawba Nuclear Station consisting of two nuclear units estimated to cost approximately \$4 billion. The combined number of employees for the Catawba Nuclear Station and Duke Power Company is approximately 1,228. Unit 1 was placed in commercial operation in June, 1985 and was in the School District's tax base for tax year 1986-87. Commercial operation of Unit 2 commenced in August, 1987 and was in the School District's tax base for tax year 1987-88.

Ownership of the Catawba Nuclear Station is comprised of North Carolina Municipal Power Agency (39%), North Carolina Electric Membership Association (29%), Piedmont Municipal Power Agency (13%), Saluda River Electric Cooperative (10%) and Duke Power (8%). The power agencies are obligated to pay a sum in lieu of taxes to the appropriate taxing authorities equivalent to the taxes that would be due if such property were not exempt from taxation.

The nuclear station comprises approximately 50% of the School District's total property tax assessment. Last year, the station comprised 49% of the total property tax assessment. The depreciation of the station is causing the tax burden to shift away from the nuclear station. The School District has historically collected 98.8% of the taxes levied.

FY 2014 BUDGET

Many factors were considered by the School District's administration during the process of developing the fiscal year 2013-2014 budget which is balanced without using reserve funds. The School District's top two goals were to improve academic achievement and to support its ongoing building program. Salary increases for employees range from 0% to 2.0% for budget year 2013-2014. Barring unforeseen circumstances, the current budget for operations will allow the School District to maintain its strong financial position.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at Clover School District No. 2, 604 Bethel Street, Clover, South Carolina, 29710.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2013

| | PRIMARY GOVERNMENT AND TOTAL Governmental Activities |
|---|---|
| ASSETS | |
| Cash and Cash Equivalents | \$ 11,465,811 |
| Cash and Investments Held by County Treasurer | 64,571,022 |
| Property Taxes Receivable, Net | 2,288,637 |
| Accounts Receivable, Net | 16,557 |
| Other Receivables, Net | 25,114 |
| Due from Other Governments | 2,208,625 |
| Inventories and Prepaid Items | 22,391 |
| Capital Assets: | |
| Non-Depreciable | 22,648,197 |
| Depreciable, Net | 105,259,483 |
| TOTAL ASSETS | 208,505,837 |
| LIABILITIES | |
| Accounts Payable | 2,382,781 |
| Accrued Salaries, Fringe & Benefits | 3,893,215 |
| Accrued Interest Payable | 920,681 |
| Unearned Revenue | 2,366,584 |
| Non-Current Liabilities: | |
| Due Within One Year | 2,960,000 |
| Due in More than One Year | 57,183,946 |
| TOTAL LIABILITIES | 69,707,207 |
| NET POSITION | |
| Net Investment in Capital Assets | 67,763,734 |
| Restricted For: | |
| Debt Service | 11,562,293 |
| Special Revenue | 199,352 |
| Food Service | 571,264 |
| Unrestricted | 58,701,987 |
| TOTAL NET POSITION | \$ 138,798,630 |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | | NET (EXPENSE) REVENUE / CHANGE IN NET POSITION |
|--|-----------------------------|-------------------------|--|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government and Total Governmental Activities |
| PRIMARY GOVERNMENT | | | | | |
| Governmental Activities: | | | | | |
| Instruction | \$ 42,448,199 | - | 16,484,976 | - | \$ (25,963,223) |
| Support Services | 31,783,805 | 2,750,861 | 6,733,349 | - | (22,299,595) |
| Intergovernmental | 128,322 | - | - | - | (128,322) |
| Interest and Other Charges | 2,757,448 | - | - | - | (2,757,448) |
| Total Governmental Activities | <u>77,117,774</u> | <u>2,750,861</u> | <u>23,218,325</u> | <u>-</u> | <u>(51,148,588)</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 77,117,774</u> | <u>2,750,861</u> | <u>23,218,325</u> | <u>-</u> | <u>(51,148,588)</u> |
| GENERAL REVENUES | | | | | |
| General Revenues: | | | | | |
| Property Taxes Levied for General Purposes | | | | | 41,591,153 |
| Property Taxes Levied for Debt Service | | | | | 10,840,936 |
| State Revenue in Lieu of Taxes | | | | | 11,161,951 |
| Other Taxes | | | | | 187,139 |
| Investment Earnings | | | | | 162,439 |
| Miscellaneous | | | | | 94,996 |
| Total General Revenues | | | | | <u>64,038,614</u> |
| CHANGE IN NET POSITION | | | | | 12,890,026 |
| NET POSITION - Beginning of Year | | | | | <u>125,908,604</u> |
| NET POSITION - End of Year | | | | | <u>\$ 138,798,630</u> |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2013

| | GENERAL | SPECIAL REVENUE |
|---|----------------------|----------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 11,372,595 | - |
| Cash and Investments Held by County Treasurer | 21,066,847 | - |
| Receivables, Net: | | |
| Taxes | 1,820,436 | - |
| Accounts | 25 | 16,532 |
| Other | - | - |
| Due From: | | |
| State Agencies | 964,196 | 54,103 |
| Federal Agencies | - | 775,339 |
| Other Funds | - | 875,286 |
| Inventories | - | - |
| TOTAL ASSETS | \$ 35,224,099 | 1,721,260 |
| LIABILITIES AND FUND BALANCES | | |
| LIABILITIES: | | |
| Accounts Payable | \$ 2,280,168 | 21,951 |
| Accrued Salaries, Fringe & Benefits | 3,893,215 | - |
| Due To: | | |
| Other Funds | 10,118,647 | 394,740 |
| Deferred/Unearned Revenue | 1,623,467 | 738,108 |
| TOTAL LIABILITIES | 17,915,497 | 1,154,799 |
| FUND BALANCES: | | |
| Fund Balances | | |
| Nonspendable: | | |
| Inventories | - | - |
| Restricted For: | | |
| Debt Service | - | - |
| Special Revenue | - | 199,352 |
| Food Service | - | - |
| Assigned For: | | |
| Capital Projects | - | - |
| Special Education | - | 367,109 |
| Unassigned | 17,308,602 | - |
| TOTAL FUND BALANCES | 17,308,602 | 566,461 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 35,224,099 | 1,721,260 |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

| SPECIAL REVENUE - EIA | SPECIAL REVENUE - FOOD SERVICE | DEBT SERVICE | CAPITAL PROJECTS | TOTAL GOVERNMENTAL FUNDS |
|--------------------------------------|---|-------------------------|-----------------------------|---|
| - | 93,216 | - | - | \$ 11,465,811 |
| - | - | 12,014,773 | 31,489,402 | 64,571,022 |
| - | - | 468,201 | - | 2,288,637 |
| - | - | - | - | 16,557 |
| - | 25,114 | - | - | 25,114 |
| 398,995 | - | - | - | 1,417,294 |
| - | 15,992 | - | - | 791,331 |
| 1,405,643 | 469,273 | - | 7,994,069 | 10,744,271 |
| - | 22,391 | - | - | 22,391 |
| 1,804,638 | 625,986 | 12,482,974 | 39,483,471 | \$ 91,342,428 |
| - | - | - | 80,662 | \$ 2,382,781 |
| - | - | - | - | 3,893,215 |
| 230,884 | - | - | - | 10,744,271 |
| 1,573,754 | 54,722 | 400,497 | - | 4,390,548 |
| 1,804,638 | 54,722 | 400,497 | 80,662 | 21,410,815 |
| - | 22,391 | - | - | 22,391 |
| - | - | 12,082,477 | - | 12,082,477 |
| - | - | - | - | 199,352 |
| - | 548,873 | - | - | 548,873 |
| - | - | - | 39,402,809 | 39,402,809 |
| - | - | - | - | 367,109 |
| - | - | - | - | 17,308,602 |
| - | 571,264 | 12,082,477 | 39,402,809 | 69,931,613 |
| 1,804,638 | 625,986 | 12,482,974 | 39,483,471 | \$ 91,342,428 |

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2013

| | | |
|---|-----------|-------------------|
| TOTAL FUND BALANCES - GOVERNMENTAL FUNDS | \$ | 69,931,613 |
|---|-----------|-------------------|

Amounts reported for the governmental activities in the Statement of Net Position are different because:

| | | |
|---|--------------|--------------------|
| Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures therefore are deferred in the funds. | | 2,432,611 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$158,972,132, and the accumulated depreciation is \$32,359,149. | | 127,907,680 |
| Food Service Revenue not received within the period of availability. | | (408,647) |
| Accrued interest on the bonds in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the funds. | | (920,681) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities consisted of the following: | | |
| Long-Term Debt | (58,450,000) | |
| Net Premium (Less Deferred Loss on Refunding) | (1,693,946) | (60,143,946) |
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | \$ | 138,798,630 |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

(This page intentionally left blank.)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2013

| | GENERAL | SPECIAL REVENUE |
|--|----------------------|----------------------------|
| REVENUES | | |
| Local Sources: | | |
| Taxes | \$ 41,997,869 | - |
| Investment Earnings | 65,023 | - |
| Other Local Sources | 96,292 | 341,202 |
| State Sources | 25,726,050 | 662,446 |
| Federal Sources | - | 2,351,236 |
| Intergovernmental Revenue | - | - |
| TOTAL REVENUE ALL SOURCES | 67,885,234 | 3,354,884 |
| EXPENDITURES | | |
| Current: | | |
| Instruction | 33,424,719 | 2,491,414 |
| Support Services | 23,589,049 | 818,540 |
| Intergovernmental | 61,287 | 67,035 |
| Capital Outlay | 115,275 | - |
| Debt Service: | | |
| Principal Retirement | - | - |
| Interest and Fiscal Charges | - | - |
| TOTAL EXPENDITURES | 57,190,330 | 3,376,989 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 10,694,904 | (22,105) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers In | 186,362 | - |
| Transfers Out | (9,500,000) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (9,313,638) | - |
| NET CHANGES IN FUND BALANCES | 1,381,266 | (22,105) |
| FUND BALANCE, Beginning of Year | 15,927,336 | 588,566 |
| FUND BALANCE, End of Year | \$ 17,308,602 | 566,461 |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

| SPECIAL REVENUE - EIA | SPECIAL REVENUE - FOOD SERVICE | DEBT SERVICE | CAPITAL PROJECTS | TOTAL GOVERNMENTAL FUNDS |
|--------------------------------------|---|-------------------------|-----------------------------|---|
| - | - | 10,925,661 | - | \$ 52,923,530 |
| - | - | 22,811 | 74,605 | 162,439 |
| - | 1,382,437 | - | 38,985 | 1,858,916 |
| 5,260,359 | - | 187,139 | - | 31,835,994 |
| - | 1,368,215 | - | - | 3,719,451 |
| - | 209 | - | - | 209 |
| 5,260,359 | 2,750,861 | 11,135,611 | 113,590 | 90,500,539 |
| 4,536,845 | - | - | - | 40,452,978 |
| 723,514 | 2,349,477 | - | 2,784,221 | 30,264,801 |
| - | - | - | - | 128,322 |
| - | - | - | 4,694,945 | 4,810,220 |
| - | - | 4,975,000 | - | 4,975,000 |
| - | - | 2,936,194 | - | 2,936,194 |
| 5,260,359 | 2,349,477 | 7,911,194 | 7,479,166 | 83,567,515 |
| - | 401,384 | 3,224,417 | (7,365,576) | 6,933,024 |
| - | - | - | 9,500,000 | 9,686,362 |
| - | (186,362) | - | - | (9,686,362) |
| - | (186,362) | - | 9,500,000 | - |
| - | 215,022 | 3,224,417 | 2,134,424 | 6,933,024 |
| - | 356,242 | 8,858,060 | 37,268,385 | 62,998,589 |
| - | 571,264 | 12,082,477 | 39,402,809 | \$ 69,931,613 |

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

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

YEAR ENDED JUNE 30, 2013

| | | |
|---|-----------|------------------|
| TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS | \$ | 6,933,024 |
|---|-----------|------------------|

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

| | |
|---|-----------|
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in deferred revenues for the year. | (491,441) |
|---|-----------|

| | |
|---|-----------|
| Repayment of bond and note principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. | 4,975,000 |
|---|-----------|

| | |
|--|--------|
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds only when it is due and payable and thus requires the use of current financial resources. However, in the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due and payable. The interest reported in the Statement of Activities is the change in accrued interest. | 57,750 |
|--|--------|

| | |
|---|---------|
| In the Statement of Activities the disposal of fixed assets is reported, whereas in the governmental funds, proceeds from the disposal of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets disposed. | (1,298) |
|---|---------|

| | |
|--|---------|
| Bond premiums are reflected as other financing sources in the governmental funds when they are received but are amortized over the lives of the bonds in the Statement of Activities. This amount is the difference between the premiums received and the amortization for the current period. | 120,996 |
|--|---------|

| | |
|--|-----------|
| Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which capital asset additions \$4,810,221 exceeded depreciation expense \$3,514,226 in the current period. | 1,295,995 |
|--|-----------|

| | | |
|--|-----------|-------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ | 12,890,026 |
|--|-----------|-------------------|

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2013

| | AGENCY |
|------------------------------|-------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 11,100 |
| Investments | 18,422 |
| Accounts Receivable | 449,336 |
| TOTAL ASSETS | \$ 478,858 |
| LIABILITIES | |
| Other Payables | \$ 25 |
| Due to Student Organizations | 478,833 |
| TOTAL LIABILITIES | \$ 478,858 |

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

Clover School District No. 2, South Carolina (the “School District”) is controlled by a Board of Trustees (the “Board”), which has oversight responsibility over the public school educational activities in the School District. The School District receives funding from local, state and federal government sources and must comply with the related requirements of these funding source entities. The School District is governed by a seven member Board.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District’s accounting policies are described below.

A. Reporting Entity

The School District is controlled by a Board of Trustees (the “Board”), which has oversight responsibility over the public school education activities in the School District. The School District is not included in any other governmental “reporting entity” as defined in the GASB Sec. 2100.108 since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. For these reasons, the School District is recognized as a primary government in accordance with GAAP.

All activities, including component units (if applicable), for which the Board exercises oversight responsibility, have been incorporated into the financial statements to form the reporting entity. The School District’s financial statements include the accounts of all School District operations, including, but not limited to, general operations and support services, food service operations, capital projects, debt service activities, and agency transactions.

The primary criterion for determining inclusion or exclusion of a legally separate entity is financial accountability, which is presumed to exist if the School District both appoints a voting majority of the entity’s governing body, and either 1) the School District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the School District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the School District. In order to be considered fiscally independent, an entity must have the authority to do all three of the following:

- (1) Determine its budget without the School District having the authority to approve or modify that budget;
- (2) Levy taxes or set rates or charges without approval by the School District; and
- (3) Issue bonded debt without approval by the School District.

Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the School District’s financial statements to be misleading or incomplete. There were no component units required to be included in the School District’s financial statements.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the School District (the “Primary Government”) and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, would be reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

The **Government-Wide Financial Statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide financial statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for governmental funds.

The School District implemented GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" ("GASB 63") in 2013. GASB 63 establishes financial reporting requirements and related disclosures for certain elements of a statement of financial position that were discussed in the GASB's 2007 Concepts Statement No. 4, "*Elements of Financial Statements*". In Concepts Statement No. 4, the GASB defines a *deferred outflow of resources* as a consumption of Net Position by a government that is applicable to a future reporting period; a *deferred inflow of resources* as an acquisition of Net Position by a government that is applicable to a future reporting period; and *net position* as the residual of all other elements presented in a statement of financial position (the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources). Under GASB 63, amounts for items that the GASB has designated to be deferred outflows of resources are to be presented in a statement of financial position in a separate section following assets, while amounts for items that the GASB has designated to be deferred inflows of resources are to be presented in a separate section following liabilities. The residual of assets and deferred outflows of resources over liabilities and deferred inflows of resources is to be reported as net position rather than as Net Position in a statement of financial position. Since the School District had no deferred outflows or inflows of resources at June 30, 2013, the School District's implementation of GASB 63 had no material effect on the presentation of its 2013 financial statements.

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 government 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. However, debt service expenditures, as well as expenditures related to compensated absences, arbitrage, and claims and judgments, are recorded only when payment is due.

Property taxes, federal and state grant programs and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash has been received by the government.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Fund financial statements report detailed information about the School District. The focus of Governmental and Enterprise Fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type.

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

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following major funds and fund types are used by the School District.

Governmental Fund Types are those through which most governmental functions of the School District are financed. The School District's expendable financial resources and related assets and liabilities (except for those accounted for in the Fiduciary Fund) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the School District's major and nonmajor governmental fund types:

The following are the School District's major governmental fund types:

The **General Fund - a major fund**, and budgeted fund, is the general operating fund of the School District and accounts for all revenues and expenditures of the School District except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The School District has the following major Special Revenue Funds:

- i) **The Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for financial resources provided by federal, state and local projects and grants that are restricted, committed or assigned for specific educational programs.
- ii) **The Education Improvement Act ("EIA") Fund, a major fund** and an unbudgeted fund, is used to account for and report the restricted revenue from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which are restricted for specific programs authorized or mandated by EIA.
- iii) **Food Service Fund, a major fund** and an unbudgeted fund, is used to account for and report the financial resources received that are restricted for the cafeteria operations at school locations. These resources primarily consist of revenues received (a) from breakfast, lunch, and other food sales and (b) from the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The *Debt Service Fund - a major fund* and an unbudgeted fund, is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest and related costs for the School District.

The *Capital Projects Fund - a major fund* and an unbudgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to equipment, site acquisitions, construction, renovation of capital facilities, and other capital assets for the School District.

Fiduciary Fund types use the economic resources measurement focus and the accrual basis of accounting; they are used to account for expendable assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include Agency Funds. Fiduciary Fund Types include the following fund:

The *Agency Fund* accounts for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity (assets are equal to liabilities) and do not include revenues and expenditures for general operation of the School District. This accounting reflects the agency relationship of the School District with the student activity organizations. Agency funds do not have a measurement focus.

C. Assets, Liabilities, and Equity

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The School District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Pooled Investment Fund ("Pool") to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the pool are reported as investments.

Investments

The School District's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the School District to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) 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 so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The School District's cash investment objectives are preservation of capital, liquidity and yield. The School District reports its cash and investments at fair value which is normally determined by quoted market prices (except as noted).

The School District currently or in the past year has used the following investments:

- South Carolina Local Government Investment Pool ("Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

- Cash and Investments held by the County Treasurer which are property taxes collected by the School District's fiscal agent that have not been remitted to the School District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis.

2. Interfund Receivables and Payables

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, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the statement of net position.

3. Inventories and Other Assets

Inventories

Inventories in the Food Service Fund consist of purchased goods, supplies and United States Department of Agriculture ("USDA") commodities, which are stated at values assigned by the USDA. Under the system for accounting for inventories, materials and supplies are carried in an inventory account at cost, using the first-in, first-out method of accounting, and are subsequently charged to expenditures/expenses when consumed (consumption method).

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method (if material). A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

4. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. However, all land will be capitalized regardless of cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized for governmental activities as allowed by GAAP. The School District does not maintain ownership of any public domain ("infrastructure") general capital assets. All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are completed and placed in service, at which time the complete costs of the project are transferred to the appropriate capital asset category.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

4. *Capital Assets (Continued)*

Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Capital Asset Category</u> | <u>Useful Life Range</u> |
|-------------------------------|--------------------------|
| Buildings and Improvements | 30–50 years |
| Machinery and Equipment | 3–10 years |

5. *Compensated Absences*

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “*Accounting for Compensated Absences*.” School District employees are granted vacation and sick leave in varying amounts. Upon retirement 12-month employees are reimbursed for accumulated vacation days not to exceed 10 days. Unused sick leave is not reimbursed. Because the compensated absences liability for vacation pay is immaterial, no amounts have been recorded in the government-wide financial statements.

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

6. *Accrued Liabilities and Long-Term Obligations*

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments (including estimated arbitrage liabilities), compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due and payable. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due and payable.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums, discounts, and bond issuance costs (if any) are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Amortization of premiums, discounts, bond issuance costs, and deferred refunding costs are included in interest expense (if any). Bonds payable are reported net of the applicable bond premiums, discount and deferred refunding costs (if any).

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

7. *Fund Balance*

The School District implemented GASB #54 “*Fund Balance Reporting and Governmental Fund Type Definitions*” (“GASB #54”) in the current year. The objective of GASB #54 was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. GASB #54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The School District classifies governmental fund balances as follows.

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (Board of Trustees) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts (if any) for the District consist of amounts approved by a majority vote of the Board of Trustees by resolution before the end of the reporting period.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. Assigned fund balance for the District consists of (a) motions approved by the Board of Trustees before the report issuance date that are for a specific purposes, (b) appropriations of current fund balance (made in the annual budget process) for the succeeding budget year, and (c) any remaining fund balance amounts in other governmental funds, other than the General Fund, which are not classified as nonspendable, restricted or committed.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance. The School District has a policy that the unassigned fund balance should be at least 25% of the following year’s budgeted expenditures.

The School District generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the School District generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

8. *Net Position*

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows in the statement of net position. Net position is classified as net investment in capital assets, restricted and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

9. *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities. For budget purposes encumbrances and unused expenditure appropriations lapse at year end.

10. *Accounting Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the School District's management to make estimates and assumptions. Those 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. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

11. *Comparative Data*

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgetary Practices – The General Fund budget is presented as required supplementary information. The budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America.

The budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. The School District's policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without approval of the Board in a supplementary action. The legal level of control is at the fund level. During the year, the Board did not revise the budget.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- (1) In the spring the School District begins its budget process for the next succeeding fiscal year.
- (2) The School District's leadership team reviews all requests and allocation requirements and related revenue.
- (3) The School District Administration then presents a proposed budget to the Board of Trustees which reviews it in a series of workshops and makes any additions or deletions it deems necessary.
- (4) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

The administration has discretionary authority to make transfers between appropriation accounts. The final budget amounts in the budgetary comparison schedule are as amended (if any) by the administration. All annual appropriations lapse at fiscal year end.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2013, none of the School District's total bank balances (including fiduciary funds) of approximately \$675,000, with a carrying value of approximately \$325,000, was exposed to custodial credit risk.

Investments

As of June 30 2013, the School District had the following investments and maturities:

| Investment Type | Credit Rating | Fair Value | Weighted Average |
|---|----------------------|----------------------|--------------------------------|
| | | | Maturity Less than One Year |
| State Local Government Investment Pool | Unrated [^] | \$ 11,168,828 | \$ 11,168,828 |
| Cash and Investments Held by County Treasurer | Unrated* | 64,571,022 | 64,571,022 |
| Total | | <u>\$ 75,739,850</u> | <u>\$ 75,739,850</u> |

[^] Investments in 2a 7-like funds are not required to disclose interest rate risk.

* The County Treasurer invests the monies it holds in trust for governmental entities in separate accounts with the State Local Government Investment Pool. Thus, we have characterized this investment as a 2a 7-like fund.

Interest Rate Risk: The School District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. However, the School District primarily uses the South Carolina Local Government Investment Pool or the County Treasurer (York County) for its investments. The balances invested in these pools are subject to withdrawals on a daily basis.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2013, none of the School District's investments were exposed to custodial credit risk.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The School District places no limit on the amount the School District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

B. Property Taxes and Other Receivables

Real Property taxes are levied on October 1 for the assessed valuations of property located in York County as of the preceding January 1, and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 15 of the following year, and property taxes attach as an enforceable lien if not paid by March 16 of the following year.

Penalties are added to taxes depending on the date paid as follows:

| | |
|-------------------------------|-----------------------------------|
| January 16 through February 1 | 3% of Tax |
| February 2 through March 16 | 10% of Tax |
| March 17 and Thereafter | 15 % of Tax Plus Collection Costs |

Motor vehicle taxes are levied on the first day of the month in which the motor vehicle license expires and is due by the end of the month. Property taxes are billed and collected by York County. Property tax revenue is recognized when collected by the County Treasurer's Office. Real property taxes collected within 60 days after fiscal year end are also recognized as revenue for the year.

For the year ended June 30, 2013, the operating millage rate was set at 163 mills (157 mills in the prior year) to cover the general operations of the School District and the debt service millage rate was set at 34 mills (40 mills in the prior year) to cover the scheduled debt service requirements of the School District.

On the government-wide and fund financial statements, taxes receivable are approximately \$2,289,000 (which is net of an allowance for uncollectables of approximately \$170,000) at June 30, 2013. Allowances for uncollectables were not necessary for the other receivable accounts.

Delinquent property taxes of approximately \$197,000 in the General Fund, and \$68,000 in the Debt Service Fund, have been recognized as revenue at June 30, 2013, because they were collected within sixty days after year end as they were considered measurable and available.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Property Taxes and Other Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2013, the various components of deferred/unearned revenue reported in the governmental funds were as follows:

| | |
|---|---------------------|
| Delinquent Property Taxes Receivable - General Fund | \$ 1,623,467 |
| Delinquent Property Taxes Receivable - Debt Service Fund | 400,497 |
| Unearned Revenue from Special Revenue and Special Revenue - EIA Funds | 2,311,863 |
| Deferred/Unearned Revenue from Special Revenue - Food Service Fund | 54,722 |
| Total Deferred/Unearned Revenue for Governmental Funds | <u>\$ 4,390,549</u> |

C. Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2013 (all of which are expected to be repaid within one year), are summarized in accordance to generally accepted accounting principles as disclosure requirements, as follows:

| <u>Fund</u> | <u>Receivables</u> | <u>Payables</u> |
|------------------------|----------------------|----------------------|
| General Fund | \$ - | \$ 10,118,647 |
| Special Revenue Funds: | | |
| Special Revenue | 875,286 | 394,740 |
| EIA | 1,405,643 | 230,884 |
| Food Service | 469,273 | - |
| Capital Projects Fund | 7,994,069 | - |
| Total | <u>\$ 10,744,271</u> | <u>\$ 10,744,271</u> |

Most cash activities are recorded in the General Fund, and as a result, receivables and payables exist at year end that are either due to or due from the General Fund or other funds. Various differences include Special Revenue payments not received from the State Department of Education until after the fiscal year end, fringe amounts paid by the General Fund for Food Service, and capital project transfers from the General Fund to the Capital Projects Fund in the amount of approximately \$7,944,000.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Transfers In and (Out)

Transfers in (out) from funds for the year ended June 30, 2013, consisted of the following:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------|---------------------|----------------------|
| General Fund | \$ 186,362 | \$ 9,500,000 |
| Capital Projects Fund | 9,500,000 | - |
| Food Service | - | 186,362 |
| | <u>\$ 9,686,362</u> | <u>\$ 9,686,362</u> |

Transfers are routinely made for school activity costs between the General Fund and the pupil activity funds. The School District made transfers from the General Fund (as in the prior year) to the Capital Projects Fund for approximately \$9,500,000 for designated future capital projects.

E. Capital Assets

Capital asset activity for the School District for the year ended June 30, 2013, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital Assets, Non-Depreciable: | | | | |
| Land | \$ 13,506,793 | 325,000 | - | \$ 13,831,793 |
| Construction in Progress | 6,050,736 | 2,765,668 | - | 8,816,404 |
| Total Capital Assets, Non-Depreciable | <u>19,557,529</u> | <u>3,090,668</u> | <u>-</u> | <u>22,648,197</u> |
| Capital Assets, Depreciable: | | | | |
| Buildings and Improvements | 134,446,623 | 953,315 | - | 135,399,938 |
| Machinery and Equipment | 4,967,980 | 766,238 | 75,943 | 5,658,275 |
| Total Capital Assets, Depreciable | <u>139,414,603</u> | <u>1,719,553</u> | <u>75,943</u> | <u>141,058,213</u> |
| Less: Accumulated Depreciation for: | | | | |
| Buildings and Improvements | 29,171,681 | 3,163,259 | - | 32,334,940 |
| Machinery and Equipment | 3,187,468 | 350,967 | 74,645 | 3,463,790 |
| Total Accumulated Depreciation | <u>32,359,149</u> | <u>3,514,226</u> | <u>74,645</u> | <u>35,798,730</u> |
| Total Capital Assets, Depreciable, Net | <u>107,055,454</u> | <u>(1,794,673)</u> | <u>1,298</u> | <u>105,259,483</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 126,612,983</u> | <u>1,295,995</u> | <u>1,298</u> | <u>\$ 127,907,680</u> |

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Capital Assets (Continued)

Depreciation expense and capital asset additions were charged to functions/programs of the primary government as follows:

| | <u>Depreciation</u> |
|---------------------------------|---------------------|
| Governmental Activities: | |
| Instruction | \$ 3,008,892 |
| Support Services | 505,334 |
| Total - Governmental Activities | <u>\$ 3,514,226</u> |

F. Long-Term Obligations

The general obligation bonds ("GO") payable at June 30, 2013, were comprised of the following:

2007-A Series: Original issue of 58,500,000, principal due in annual installments of \$25,000 to \$5,725,000 on March 1 beginning in 2012 through 2027; interest at 4.0% to 5.00% paid semiannually. A premium on the issuance of these bonds was received of \$2,359,424.

2008 Series: Original issue of 14,100,000, principal due in annual installments of \$200,000 to \$4,950,000 on March 1 beginning in 2009 through 2013; interest at 3.0% to 3.50% paid semiannually. Issuance costs, the premium, and the deferred loss related to this issuance were not significant and thus have not been recorded on the government-wide financial statements.

The above debt issuances were issued for construction and renovation costs in the School District.

Following is a summary of changes in the School District long-term obligations for the year ended June 30, 2013:

| Long-Term Obligation | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------|----------------------|-----------|------------------|-------------------|------------------------|
| Governmental Activities: | | | | | |
| 2007-A GO Bonds * | \$ 58,475,000 | - | 25,000 | 58,450,000 | \$ 2,960,000 |
| 2008 GORB * | 4,950,000 | - | 4,950,000 | - | - |
| Premium-2007-A GO Bonds | 1,814,942 | - | 120,996 | 1,693,946 | - |
| Total Governmental Activities | <u>\$ 65,239,942</u> | <u>-</u> | <u>5,095,996</u> | <u>60,143,946</u> | <u>\$ 2,960,000</u> |

* This debt is not subject to the 8% debt limitation.

Resources primarily from the Debt Service Fund have been used to liquidate the long-term obligations of the School District.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

F. Long-Term Obligations (Continued)

The governmental activities annual debt service requirements to maturity for general obligation bonds are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---------------------|----------------------|-------------------|----------------------|
| 2014 | \$ 2,960,000 | 2,761,044 | \$ 5,721,044 |
| 2015 | 3,120,000 | 2,613,044 | 5,733,044 |
| 2016 | 3,270,000 | 2,457,044 | 5,727,044 |
| 2017 | 3,440,000 | 2,293,544 | 5,733,544 |
| 2018 | 3,620,000 | 2,121,544 | 5,741,544 |
| 2019-2123 | 21,005,000 | 7,730,251 | 28,735,251 |
| 2024-2027 | 21,035,000 | 2,438,096 | 23,473,096 |
| Total | <u>\$ 58,450,000</u> | <u>22,414,567</u> | <u>\$ 80,864,567</u> |

The School District has authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed value of all taxable property in the School District. The debt limitation does not apply to certain certificates of participation, debt approved through a School District-wide referendum, and original or refunding debt for obligations issued on or before November 30, 1982. The School District's constitutional debt limit at June 30, 2013, was approximately \$24,472,000.

IV. OTHER INFORMATION

A. South Carolina Retirement System Retirement Plans

Plan Description – The School District participates in a retirement plan under authorization of Title 9 of the SC Code of Laws, State of South Carolina which covers a majority of the School District's full-time employees. The South Carolina Retirement System ("SCRS") is a cost-sharing multi-employer defined benefit pension plan that was originally administered by the South Carolina State Budget and Control Board. Effective July 1, 2012, the South Carolina General Assembly transferred administration of the SCRS to the newly created South Carolina Public Employee Benefit Authority ("PEBA"). The PEBA has the authority to establish and amend benefits and funding policy. The Plan offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, group life insurance benefits and survivor benefits. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, SC 29211-1960.

Benefits vest after five years of service, and vested members who retire at age sixty-five or with twenty eight years of service at any age, receive an annual benefit, payable monthly for life. The benefit is based on the length of service and on average final compensation, an annualized average of the employee's highest twelve consecutive quarters' compensation. Reduced benefits are payable as early as age sixty.

The employee required contribution rates to the SCRS plan was 7.00%, 6.50%, and 6.50% of covered salary for the years ended June 30, 2013, 2012 and 2011, respectively. The employer required contribution rate to the SCRS plan was 10.45%, 9.39%, and 9.24% for the year ended June 30, 2013, 2012, and 2011 respectively. Because the contribution rates to the SCRS are required, they are also actual contributions as well. Thus, the actual contribution rate and amount is 100% of the required contribution rate and amount for the plan for all years presented.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

IV. OTHER INFORMATION (CONTINUED)

A. South Carolina Retirement System Retirement Plans (Continued)

The State of South Carolina also provides an optional retirement plan ("State ORP"). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the IRC. The State ORP is a defined contribution plan that provides retirement and survivor benefits. As an alternative to the South Carolina Retirement System, employees eligible for the State ORP may choose between the State ORP plan or the SCRS plan. Employee required contribution rates to the State ORP were 7.00%, 6.50%, and 6.50% of covered salary for the year ended June 30, 2013, 2012, and 2011, respectively. The employer required contribution rates are 10.45%, 9.39%, and 9.24% for the years ended June 30, 2013, 2012, and 2011. For which in 2013, 2012 and 2011, 5% of the employer required contribution is remitted to the employees authorized investment providers with the balance being remitted to the South Carolina Retirement System. Because the contribution rates to the State ORP are required, they are also actual contributions as well. Thus, the actual contribution rate and amount is 100% of the required contribution rate and amount for the State ORP for all years presented.

In addition to the above rates, participating employers have contributed (a) .15% of payroll for the SCRS and State ORP to provide a group life insurance benefit for their participants (for the current and preceding two years) and (b) 4.55%, 4.30%, and 3.90% surcharge on payroll for retiree health and dental insurance and group life insurance benefit for their active participants for the years ended June 30, 2013, 2012, and 2011, respectively. All employers contribute at the actuarially required contribution rates.

The School District had total wages of approximately \$43,254,000, \$41,588,000, and \$40,748,000 for the years ended June 30, 2013, 2012, and 2011, respectively. The following is a summary of the School District's member wages and employee and employer contributions for the retirement plans:

| Year Ended June 30th | Member Wages | Employee Contributions | Employer Contributions | Total Contributions |
|-------------------------|-----------------|---------------------------|---------------------------|------------------------|
| SCRS | | | | |
| 2013 | \$ 38,272,807 | 2,675,108 | 3,999,508 | \$ 6,674,616 |
| 2012 | 36,862,946 | 2,396,092 | 5,099,989 | 7,496,081 |
| 2011 | \$ 36,160,287 | 2,350,419 | 4,809,331 | \$ 7,159,750 |
| State ORP | | | | |
| 2013 | \$ 3,761,010 | 263,271 | 204,975 | \$ 468,246 |
| 2012 | 3,818,045 | 248,173 | 337,324 | 585,497 |
| 2011 | \$ 3,752,711 | 243,926 | 311,100 | \$ 555,026 |

B. Post-Employment Health Care Benefits

In addition to the pension benefits, and in accordance with provisions of the State Appropriations Act, an employer contribution surcharge (4.55% for 2103, 4.30% for 2012, and 3.90% for 2011) percent of covered payroll was added to State and Public School entities covered by the State Health Insurance Program. This assessment is for the purpose of providing retiree health insurance coverage on a pay-as-you-go basis, and is remitted to the Division of Insurance Services. No additional employee contributions are required. The annual contribution rate is determined based on a state-wide estimate of annual premiums and covered payroll. The expenditure recognized by the employer for the year ended June 30, 2013, 2012, and 2011 were approximately \$1,413,000, \$1,181,000, and \$1,253,000. There were on average 59 participants eligible to receive retiree health insurance coverage during June 30, 2013.

All postretirement benefits paid to the School District's retired members are made from the SCRS and from South Carolina's General Fund (Health Care). The School District has no liability beyond the payment of monthly contributions.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

IV. OTHER INFORMATION (CONTINUED)

C. Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The School District continues to carry commercial insurance for property and casualty insurance. There has been no reduction in insurance coverage as compared to the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

D. Grants

The School District participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits of major program requirements under the Office of Management and Budgets' Circular A-133 *Audits of States, Local Governments, and Non-profit Organizations*. Any disallowed claims, including amounts already collected, could become a liability of the School District. However, the School District expects such amounts, if any, to be immaterial.

E. Fund Balance Assignment

An additional assignment of fund balance of approximately \$9,500,000 for future school capital projects was made as of June 30, 2013. The School District reflected the Board's policy by transferring the assigned funds from the General Fund to the Capital Projects Fund. Therefore, as of June 30, 2013 the Board has remaining approximately \$39,403,000 (including earned interest) in total funds assigned for future construction projects.

F. Concentration of Property Tax Revenue Risk

The School District receives approximately 68% of its local property tax revenue, not considering owner-occupied values, from one source, the Catawba Nuclear Station.

G. Commitments and Contingencies

The School District had a significant construction commitment outstanding at year end for the completion of the addition and renovation work at Crowder's Creek Elementary and the completion of the new transportation facility for a total commitment of approximately \$4,945,000.

H. Subsequent Events

Millage Increase

The Board of Trustees approved a 6 mill increase (increased to 169 mills from 163 mills) for the next property tax year for the general operations of the School District. The Board of Trustees approved a 10 mill decrease (decreased to 24 mills from 34 mills) for the next property tax year for the scheduled debt service requirements of the School District.

Awarding Contract

The Board of Trustees awarded two contracts to architectural firms to design the new school and renovations to be made around the District totaling approximately \$2,300,000.

Lease Purchase Agreement

The Board of Trustees approved to enter into a three year lease purchase agreement of \$4,200,000 with annual payments of \$1,400,000 due in March for the One to One Computer Project.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

IV. OTHER INFORMATION (CONTINUED)

I. Pending Implementation of GASB Statement on Pensions

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("Statement"), was issued by the Governmental Accounting Standards Board ("GASB") in June 2013. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the School District's financial obligations to current and former employees for past services rendered.

In particular, the School District will be required to report a net pension liability for its participation in the SCRS, PORS, and State ORP on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. In general, it should not have a significant impact on the School District's governmental funds.

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the School District's unrestricted net position. This Statement is required to be implemented by the School District no later than the fiscal year ending June 30, 2015.

(This page intentionally left blank.)

Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

General Fund

The *General Fund, a major fund* and a budgeted fund, is the general operating fund of the School District and accounts for all revenues and expenditures of the School District except those required to be accounted for in another fund. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL

YEAR ENDED JUNE 30, 2013

| | BUDGETED AMOUNTS | | ACTUAL (BUDGETARY BASIS) | VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE) |
|---|----------------------|-------------------|--------------------------------|---|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Local Sources: | | | | |
| Taxes | \$ 38,710,254 | 38,710,254 | 41,997,869 | \$ 3,287,615 |
| Investment Earnings | 75,000 | 75,000 | 65,023 | (9,977) |
| Other Local Sources | 60,000 | 60,000 | 96,292 | 36,292 |
| State Sources | 24,978,867 | 24,978,867 | 25,726,050 | 747,183 |
| TOTAL REVENUE ALL SOURCES | 63,824,121 | 63,824,121 | 67,885,234 | 4,061,113 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 37,501,573 | 37,501,573 | 33,424,719 | 4,076,854 |
| Support Services | 26,197,048 | 26,197,048 | 23,589,049 | 2,607,999 |
| Intergovernmental | 45,000 | 45,000 | 61,287 | (16,287) |
| Capital Outlay | 80,500 | 80,500 | 115,275 | (34,775) |
| TOTAL EXPENDITURES | 63,824,121 | 63,824,121 | 57,190,330 | 6,633,791 |
| EXCESS (DEFICIENCY) OF | | | | |
| REVENUES OVER EXPENDITURES | - | - | 10,694,904 | 10,694,904 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | 186,362 | 186,362 |
| Transfers Out | - | - | (9,500,000) | (9,500,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | (9,313,638) | (9,313,638) |
| NET CHANGE IN FUND BALANCE | - | - | 1,381,266 | 1,381,266 |
| FUND BALANCE, Beginning of Year | 15,927,336 | 15,927,336 | 15,927,336 | - |
| FUND BALANCE, End of Year | \$ 15,927,336 | 15,927,336 | 17,308,602 | \$ 1,381,266 |

Note to the Required Supplementary Information:

The budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|-------------------|-------------------|------------------|
| REVENUES | | | |
| 1000 Revenue from Local Sources: | | | |
| 1100 Taxes: | | | |
| 1110 Ad Valorem Taxes-Including Delinquent (Independent) | \$ 35,187,168 | 38,062,275 | \$ 2,875,107 |
| 1140 Penalties & Interest on Taxes (Independent) | 500,000 | 650,524 | 150,524 |
| 1200 Revenue from Local Governmental Units Other than LEAs: | | | |
| 1210 Ad Valorem Taxes-Including Delinquent (Dependent) | 2,873,086 | 3,181,288 | 308,202 |
| 1240 Penalties & Interest on Taxes (Dependent) | 150,000 | 103,782 | (46,218) |
| 1500 Earnings on Investments: | | | |
| 1510 Interest on Investments | 75,000 | 65,023 | (9,977) |
| 1900 Other Revenue from Local Sources: | | | |
| 1910 Rentals | 50,000 | 74,883 | 24,883 |
| 1990 Miscellaneous Local Revenue: | | | |
| 1993 Receipt of Insurance Proceeds | - | 6,499 | 6,499 |
| 1999 Revenue from Other Local Sources | 10,000 | 14,910 | 4,910 |
| Total Revenue from Local Sources | <u>38,845,254</u> | <u>42,159,184</u> | <u>3,313,930</u> |
| 3000 Revenue from State Sources: | | | |
| 3100 Restricted State Funding: | | | |
| 3130 Special Programs: | | | |
| 3131 Handicapped Transportation | - | 654 | 654 |
| 3133 IDEA Contingency Fund | - | 250,058 | 250,058 |
| 3160 School Bus Driver's Salary | | | |
| (Includes Hazardous Condition Transportation) | 222,368 | 284,187 | 61,819 |
| 3162 Transportation Workers' Compensation | - | 23,427 | 23,427 |
| 3180 Fringe Benefits Employer Contributions (No Carryover Provision) | 3,573,419 | 3,879,211 | 305,792 |
| 3181 Retiree Insurance (No Carryover Provision) | 1,181,462 | 1,412,559 | 231,097 |
| 3199 Other Restricted State Grants | - | 1,597 | 1,597 |
| 3310 Full-Time Programs: | | | |
| 3311 Kindergarten | 587,795 | 619,304 | 31,509 |
| 3312 Primary | 1,764,940 | 1,764,227 | (713) |
| 3313 Elementary | 2,709,242 | 2,650,870 | (58,372) |
| 3314 High School | 609,916 | 700,018 | 90,102 |
| 3315 Trainable Mentally Handicapped | 19,191 | 28,018 | 8,827 |
| 3316 Speech Handicapped (Part-Time Program) | 389,799 | 369,826 | (19,973) |
| 3317 Homebound | 20,673 | 23,948 | 3,275 |
| 3320 Part-Time Programs: | | | |
| 3321 Emotionally Handicapped | 24,296 | 57,046 | 32,750 |
| 3322 Educable Mentally Handicapped | 62,543 | 26,504 | (36,039) |
| 3323 Learning Disabilities | 462,372 | 448,818 | (13,554) |
| 3324 Hearing Handicapped | 19,291 | 14,153 | (5,138) |
| 3325 Visually Handicapped | 7,469 | 16,049 | 8,580 |
| 3326 Orthopedically Handicapped | 15,223 | 23,075 | 7,852 |
| 3327 Vocational | \$ 1,811,540 | 1,875,558 | \$ 64,018 |

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

| | REVISED BUDGET | ACTUAL | VARIANCE |
|---|-------------------|-------------------|------------------|
| 3330 Other EFA Programs: | | | |
| 3331 Autism | \$ 87,328 | 94,992 | \$ 7,664 |
| 3800 State Revenue in Lieu of Taxes: | | | |
| 3810 Reimbursement for Local Residential Property Tax Relief (Tier 1) | 10,700,000 | 10,486,257 | (213,743) |
| 3820 Homestead Exemption (Tier 2) | 600,000 | 573,275 | (26,725) |
| 3830 Merchant's Inventory Tax | 45,000 | 40,593 | (4,407) |
| 3890 Other State Property Tax Revenues (Includes MC Vehicle Tax) | 50,000 | 61,826 | 11,826 |
| 3900 Other State Revenue: | | | |
| 3999 Revenue from Other State Sources | 15,000 | - | (15,000) |
| Total Revenue from State Sources | 24,978,867 | 25,726,050 | 747,183 |
| TOTAL REVENUE ALL SOURCES | 63,824,121 | 67,885,234 | 4,061,113 |

EXPENDITURES

| | | | |
|--|-----------|-----------|----------|
| 100 Instruction: | | | |
| 110 General Instruction: | | | |
| 111 Kindergarten Programs: | | | |
| 100 Salaries | 1,454,602 | 1,491,881 | (37,279) |
| 200 Employee Benefits | 613,871 | 499,043 | 114,828 |
| 300 Purchased Services - Other Than Tuition | 1,513 | 1,343 | 170 |
| 400 Supplies and Materials | 60,591 | 65,359 | (4,768) |
| 112 Primary Programs: | | | |
| 100 Salaries | 5,698,828 | 5,221,831 | 476,997 |
| 200 Employee Benefits | 2,109,054 | 1,758,253 | 350,801 |
| 300 Purchased Services - Other Than Tuition | 2,695 | 11,546 | (8,851) |
| 400 Supplies and Materials | 89,789 | 90,522 | (733) |
| 600 Other Objects | - | 520 | (520) |
| 113 Elementary Programs: | | | |
| 100 Salaries | 8,233,826 | 7,979,073 | 254,753 |
| 140 Terminal Leave | - | 2,297 | (2,297) |
| 200 Employee Benefits | 3,106,428 | 2,583,765 | 522,663 |
| 300 Purchased Services - Other Than Tuition | 113,334 | 147,620 | (34,286) |
| 400 Supplies and Materials | 1,046,448 | 184,096 | 862,352 |
| 114 High School Programs: | | | |
| 100 Salaries | 5,458,667 | 4,982,221 | 476,446 |
| 200 Employee Benefits | 2,005,744 | 1,757,439 | 248,305 |
| 300 Purchased Services | 171,925 | 159,358 | 12,567 |
| 400 Supplies and Materials | 218,568 | 180,425 | 38,143 |
| 115 Career and Technology Education Program: | | | |
| 100 Salaries | 909,536 | 915,899 | (6,363) |
| 200 Employee Benefits | 341,608 | 282,147 | 59,461 |
| 300 Purchased Services - Other Than Tuition | 3,500 | 7,512 | (4,012) |
| 400 Supplies and Materials | \$ 29,000 | 20,697 | \$ 8,303 |

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

| | REVISED BUDGET | ACTUAL | VARIANCE |
|---|-------------------|---------|------------|
| 120 Exceptional Programs: | | | |
| 121 Educable Mentally-Handicapped: | | | |
| 100 Salaries | \$ 270,245 | 276,838 | \$ (6,593) |
| 200 Employee Benefits | 108,124 | 95,621 | 12,503 |
| 122 Trainable Mentally Handicapped: | | | |
| 100 Salaries | 276,350 | 281,746 | (5,396) |
| 200 Employee Benefits | 116,813 | 105,153 | 11,660 |
| 123 Orthopedically Handicapped: | | | |
| 100 Salaries | 23,983 | 24,630 | (647) |
| 200 Employee Benefits | 12,406 | 9,101 | 3,305 |
| 300 Purchased Services | 65,000 | 52,606 | 12,394 |
| 124 Visually Handicapped: | | | |
| 300 Purchased Services | 50,880 | 50,880 | - |
| 125 Hearing Handicapped: | | | |
| 100 Salaries | 63,533 | 64,993 | (1,460) |
| 200 Employee Benefits | 28,049 | 21,599 | 6,450 |
| 126 Speech Handicapped: | | | |
| 100 Salaries | 323,773 | 369,307 | (45,534) |
| 200 Employee Benefits | 119,252 | 113,778 | 5,474 |
| 300 Purchased Services | 50,000 | 26,440 | 23,560 |
| 127 Learning Disabilities: | | | |
| 100 Salaries | 1,222,679 | 900,622 | 322,057 |
| 200 Employee Benefits | 454,535 | 327,496 | 127,039 |
| 128 Emotionally Handicapped: | | | |
| 100 Salaries | 297,326 | 186,025 | 111,301 |
| 200 Employee Benefits | 113,754 | 64,257 | 49,497 |
| 130 Pre-School Programs: | | | |
| 137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds): | | | |
| 100 Salaries | 127,558 | 132,245 | (4,687) |
| 200 Employee Benefits | 48,779 | 34,149 | 14,630 |
| 139 Early Childhood Programs: | | | |
| 100 Salaries | 1,010,843 | 948,356 | 62,487 |
| 200 Employee Benefits | 403,074 | 326,175 | 76,899 |
| 300 Purchased Services | 250 | 266 | (16) |
| 400 Supplies and Materials | 6,415 | 6,446 | (31) |
| 140 Special Programs: | | | |
| 141 Gifted and Talented - Academic: | | | |
| 100 Salaries | 29,059 | - | 29,059 |
| 200 Employee Benefits | 13,461 | - | 13,461 |
| 300 Purchased Services | 12,000 | - | 12,000 |
| 400 Supplies and Materials | 7,750 | - | 7,750 |
| 600 Other Objects | \$ 250 | - | \$ 250 |

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|-------------------|------------|-------------|
| 145 Homebound: | | | |
| 100 Salaries | \$ - | 49,189 | \$ (49,189) |
| 200 Employee Benefits | - | 10,993 | (10,993) |
| 300 Purchased Services | 30,000 | 6,112 | 23,888 |
| 149 Other Special Programs: | | | |
| 100 Salaries | 139,118 | 161,510 | (22,392) |
| 200 Employee Benefits | 43,763 | 40,914 | 2,849 |
| 300 Purchased Services | - | 3,458 | (3,458) |
| 160 Other Exceptional Programs: | | | |
| 161 Autism: | | | |
| 100 Salaries | 220,352 | 239,749 | (19,397) |
| 200 Employee Benefits | 105,172 | 86,771 | 18,401 |
| 300 Purchased Services | 2,500 | - | 2,500 |
| 400 Supplies and Materials | 1,500 | 1,495 | 5 |
| 172 Elementary Summer School: | | | |
| 100 Salaries | - | 24,513 | (24,513) |
| 200 Employee Benefits | - | 5,680 | (5,680) |
| 173 High School Summer School: | | | |
| 100 Salaries | - | 20,981 | (20,981) |
| 200 Employee Benefits | - | 4,802 | (4,802) |
| 180 Adult/Continuing Educational Programs: | | | |
| 181 Adult Basic Education Programs: | | | |
| 400 Supplies and Materials | 25,000 | - | 25,000 |
| 188 Parenting/Family Literacy: | | | |
| 300 Purchased Services | 4,500 | 3,231 | 1,269 |
| 400 Supplies and Materials | 4,000 | 3,745 | 255 |
| Total Instruction | 37,501,573 | 33,424,719 | 4,076,854 |
| 200 Support Services: | | | |
| 210 Pupil Services: | | | |
| 211 Attendance and Social Work Services: | | | |
| 100 Salaries | 256,079 | 255,909 | 170 |
| 200 Employee Benefits | 82,919 | 85,541 | (2,622) |
| 300 Purchased Services | 10,500 | 317 | 10,183 |
| 400 Supplies and Materials | 2,000 | 1,554 | 446 |
| 212 Guidance Services: | | | |
| 100 Salaries | 982,111 | 1,008,943 | (26,832) |
| 200 Employee Benefits | 345,161 | 322,408 | 22,753 |
| 300 Purchased Services | 699 | 699 | - |
| 400 Supplies and Materials | 3,580 | 2,344 | 1,236 |
| 600 Other Objects | \$ 30 | 30 | \$ - |

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|-------------------|---------|-------------|
| 213 Health Services: | | | |
| 100 Salaries | \$ 575,737 | 401,398 | \$ 174,339 |
| 200 Employee Benefits | 194,834 | 136,042 | 58,792 |
| 300 Purchased Services | - | 1,195 | (1,195) |
| 400 Supplies and Materials | 35,000 | 20,061 | 14,939 |
| 214 Psychological Services: | | | |
| 100 Salaries | 150,423 | 150,423 | - |
| 200 Employee Benefits | 46,113 | 44,934 | 1,179 |
| 400 Supplies and Materials | - | 88 | (88) |
| 220 Instructional Staff Services: | | | |
| 221 Improvement of Instruction-Curriculum Development: | | | |
| 100 Salaries | 764,428 | 758,426 | 6,002 |
| 140 Terminal Leave | - | 4,128 | (4,128) |
| 200 Employee Benefits | 225,705 | 218,733 | 6,972 |
| 300 Purchased Services | 31,500 | 18,186 | 13,314 |
| 400 Supplies and Materials | 186,685 | 75,524 | 111,161 |
| 600 Other Objects | 4,500 | 58 | 4,442 |
| 222 Library and Media Services: | | | |
| 100 Salaries | 630,557 | 648,794 | (18,237) |
| 200 Employee Benefits | 227,553 | 203,694 | 23,859 |
| 300 Purchased Services | 1,430 | 1,253 | 177 |
| 400 Supplies and Materials | 71,202 | 72,690 | (1,488) |
| 223 Supervision of Special Programs: | | | |
| 100 Salaries | 183,893 | 185,666 | (1,773) |
| 200 Employee Benefits | 53,071 | 51,405 | 1,666 |
| 300 Purchased Services | 43,650 | 3,250 | 40,400 |
| 224 Improvement of Instruction-Inservice and Staff Training: | | | |
| 100 Salaries | 103,479 | 105,573 | (2,094) |
| 200 Employee Benefits | 28,933 | 27,613 | 1,320 |
| 300 Purchased Services | 179,882 | 67,064 | 112,818 |
| 230 General Administrative Services: | | | |
| 231 Board of Education: | | | |
| 300 Purchased Services | 56,000 | 54,083 | 1,917 |
| 318 Audit Services | 38,500 | 32,000 | 6,500 |
| 400 Supplies and Materials | 4,500 | 523 | 3,977 |
| 600 Other Objects | 8,500 | 18,145 | (9,645) |
| 232 Office of Superintendent: | | | |
| 100 Salaries | 232,845 | 250,008 | (17,163) |
| 200 Employee Benefits | 638,248 | 245,853 | 392,395 |
| 300 Purchased Services | 63,500 | 65,748 | (2,248) |
| 400 Supplies and Materials | 38,500 | 30,344 | 8,156 |
| 600 Other Objects | \$ 19,500 | 51,407 | \$ (31,907) |

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

| | REVISED BUDGET | ACTUAL | VARIANCE |
|---|-------------------|-----------|-------------|
| 233 School Administration: | | | |
| 100 Salaries | \$ 3,237,580 | 3,328,869 | \$ (91,289) |
| 140 Terminal Leave | - | 1,705 | (1,705) |
| 200 Employee Benefits | 1,095,713 | 1,011,525 | 84,188 |
| 300 Purchased Services | 26,345 | 7,264 | 19,081 |
| 400 Supplies and Materials | 142,367 | 136,878 | 5,489 |
| 600 Other Objects | 6,291 | 4,138 | 2,153 |
| 250 Finance and Operations Services: | | | |
| 251 Student Transportation (Federal/District Mandated): | | | |
| 100 Salaries | - | 88 | (88) |
| 200 Employee Benefits | - | 20 | (20) |
| 300 Purchased Services | - | 14,990 | (14,990) |
| 252 Fiscal Services: | | | |
| 100 Salaries | 413,694 | 413,876 | (182) |
| 200 Employee Benefits | 119,120 | 129,198 | (10,078) |
| 300 Purchased Services | 50,000 | 16,046 | 33,954 |
| 400 Supplies and Materials | 40,000 | 22,592 | 17,408 |
| 600 Other Objects | 1,000 | 2,719 | (1,719) |
| 254 Operation and Maintenance of Plant: | | | |
| 100 Salaries | 2,964,488 | 2,858,636 | 105,852 |
| 200 Employee Benefits | 1,289,437 | 939,545 | 349,892 |
| 300 Purchased Services | 2,120,864 | 1,508,130 | 612,734 |
| 400 Supplies and Materials | 3,145,763 | 2,737,792 | 407,971 |
| 500 Capital Outlay | 80,500 | 115,275 | (34,775) |
| 600 Other Objects | 6,630 | 2,506 | 4,124 |
| 255 Student Transportation (State Mandated): | | | |
| 100 Salaries | 873,988 | 980,041 | (106,053) |
| 200 Employee Benefits | 630,612 | 354,099 | 276,513 |
| 300 Purchased Services | 100,500 | 20,698 | 79,802 |
| 400 Supplies and Materials | 26,500 | 21,676 | 4,824 |
| 600 Other Objects | - | 191 | (191) |
| 256 Food Service: | | | |
| 200 Employee Benefits | - | 108,158 | (108,158) |
| 258 Security: | | | |
| 300 Purchased Services | 200,272 | 209,379 | (9,107) |
| 400 Supplies and Materials | 2,900 | - | 2,900 |
| 260 Central Support Services: | | | |
| 263 Information Services: | | | |
| 100 Salaries | 63,544 | 63,544 | - |
| 200 Employee Benefits | 20,631 | 18,167 | 2,464 |
| 300 Purchased Services | 14,000 | 11,799 | 2,201 |
| 400 Supplies and Materials | \$ 4,600 | 15,814 | \$ (11,214) |

(Continued)

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
REVISED BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2013

| | REVISED BUDGET | ACTUAL | VARIANCE |
|--|----------------------|-------------------|---------------------|
| 264 Staff Services: | | | |
| 100 Salaries | \$ 234,125 | 230,228 | \$ 3,897 |
| 200 Employee Benefits | 85,775 | 79,482 | 6,293 |
| 300 Purchased Services | 28,900 | 26,558 | 2,342 |
| 400 Supplies and Materials | 15,450 | 15,100 | 350 |
| 600 Other Objects | 2,000 | 912 | 1,088 |
| 266 Technology and Data Processing Services: | | | |
| 100 Salaries | 595,797 | 619,800 | (24,003) |
| 140 Terminal Leave | - | 1,980 | (1,980) |
| 200 Employee Benefits | 205,486 | 190,701 | 14,785 |
| 300 Purchased Services | 188,250 | 58,861 | 129,389 |
| 400 Supplies and Materials | 702,521 | 823,155 | (120,634) |
| 270 Support Services Pupil Activity: | | | |
| 271 Pupil Services Activities: | | | |
| 100 Salaries (Optional) | 470,500 | 445,119 | 25,381 |
| 200 Employee Benefits (Optional) | 14,658 | 89,632 | (74,974) |
| 300 Purchased Services (Optional) | 5,000 | 1,066 | 3,934 |
| 400 Supplies and Materials (Optional) | 440,000 | 443,841 | (3,841) |
| 600 Other Objects (Optional) | 90,000 | 477 | 89,523 |
| Total Support Services | 26,277,548 | 23,704,324 | 2,573,224 |
| 400 Other Charges: | | | |
| 410 Intergovernmental Expenditures: | | | |
| 411 Payments to the SDE | | | |
| 720 Transits | - | 16,287 | (16,287) |
| 412 Payments to Other Governmental Units | | | |
| 720 Transits | 45,000 | 45,000 | - |
| Total Intergovernmental Expenditures | 45,000 | 61,287 | (16,287) |
| TOTAL EXPENDITURES | 63,824,121 | 57,190,330 | 6,633,791 |
| OTHER FINANCING SOURCES (USES) | | | |
| Interfund Transfers, From (To) Other Funds: | | | |
| 5280 Transfer from Other Funds Indirect Costs | - | 186,362 | 186,362 |
| 424-710 Transfer to Capital Projects Fund | - | (9,500,000) | (9,500,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | (9,313,638) | (9,313,638) |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES | - | 1,381,266 | 1,381,266 |
| FUND BALANCE, Beginning of Year | 15,927,336 | 15,927,336 | - |
| FUND BALANCE, End of Year | \$ 15,927,336 | 17,308,602 | \$ 1,381,266 |

Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The School District has the following major Special Revenue Funds:

- i) The *Special Revenue Fund, a major fund* and an unbudgeted fund, is used to account for and report financial resources provided by federal, state, and local projects and grants that are restricted, committed or assigned for special education programs.
- ii) The *Education Improvement Act (“EIA”) Fund, a major fund* and an unbudgeted fund, is used to account for and report the restricted revenues from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which are restricted for specific programs authorized or mandated by the EIA.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2013

| | Title I (BA Projects) (201) |
|---|--|
| <hr/> | |
| REVENUES | |
| 1000 Revenue from Local Sources: | |
| 1900 Other Revenue from Local Sources: | |
| 1920 Contributions and Donations Private Sources | \$ - |
| 1930 Medicaid | - |
| 1999 Revenue from Other Local Sources | - |
| Total Revenue from Local Sources | <hr/> - <hr/> |
| 3000 Revenue from State Sources: | |
| 3100 Restricted State Funding: | |
| 3110 Occupational Education: | |
| 3118 EEDA Career Specialist | - |
| 3120 General Education: | |
| 3127 Student Health and Fitness -PE Teachers | - |
| 3128 High Schools That Work/Making Middle Grades Work (Caryover Only) | - |
| 3130 Special Programs: | |
| 3190 Miscellaneous Restricted State Grants: | |
| 3195 High School Reading Incentive | - |
| 3199 Other Restricted State Grants | - |
| 3600 Education Lottery Act Revenue: | |
| 3607 6-8 Enhancement (Carryover Provision) | - |
| 3610 K-5 Enhancement (Carryover Provision) | - |
| 3900 Other State Revenue: | |
| 3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching) (Carryover Only) | - |
| 3999 Revenue from Other State Sources | - |
| Total Revenue from State Sources | <hr/> - <hr/> |
| 4000 Revenue from Federal Sources: | |
| 4200 Occupational Education: | |
| 4210 Perkins Aid, Title I | - |
| 4300 Elementary and Secondary Education Act of 1965 (ESEA): | |
| 4310 Title I, Basic State Grant Programs (Carryover Provision) | 796,613 |
| 4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision) | \$ - |

| IDEA (CA Projects) (203) | Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (EA Projects) (918) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|--------------------------------|--|--------------------------------|--|--|--|-----------|
| - | - | - | - | - | 15,359 | \$ 15,359 |
| - | - | - | - | - | 249,179 | 249,179 |
| - | - | - | 69,179 | - | 7,485 | 76,664 |
| - | - | - | 69,179 | - | 272,023 | 341,202 |
| - | - | - | - | 203,740 | - | 203,740 |
| - | - | - | - | 48,961 | - | 48,961 |
| - | - | - | - | 3,235 | - | 3,235 |
| - | - | - | - | 35,524 | - | 35,524 |
| - | - | - | - | - | 5,758 | 5,758 |
| - | - | - | - | 23,409 | - | 23,409 |
| - | - | - | - | 305,019 | - | 305,019 |
| - | - | - | - | 5,878 | - | 5,878 |
| - | - | - | - | - | 30,922 | 30,922 |
| - | - | - | - | 625,766 | 36,680 | 662,446 |
| - | - | 99,043 | - | - | - | 99,043 |
| - | - | - | - | - | - | 796,613 |
| - | - | - | - | - | 25,296 | \$ 25,296 |

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2013

| | Title I (BA Projects) (201) |
|---|--|
| | <hr/> |
| 4343 McKinney-Vento | |
| 4348 Teacher Incentive Fund | |
| 4351 Improving Teacher Quality (Carryover Provision) | \$ - |
| 4400 Adult Education: | |
| 4410 Basic Adult Education | - |
| 4430 State Literacy Resource | - |
| 4500 Programs for Children with Disabilities: | |
| 4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision) | - |
| 4520 Preschool Grants (IDEA) (Carryover Provision) | - |
| 4900 Other Federal Sources: | |
| 4999 Revenue from Other Federal Sources | - |
| Total Revenue from Federal Sources | <hr/> 796,613 <hr/> |
| TOTAL REVENUE ALL SOURCES | <hr/> 796,613 <hr/> |
| EXPENDITURES | |
| 100 Instruction: | |
| 110 General Instruction: | |
| 111 Kindergarten Program: | |
| 100 Salaries | 450 |
| 200 Employee Benefits | 103 |
| 400 Supplies and Materials | 53,180 |
| 112 Primary Programs: | |
| 100 Salaries | 319,909 |
| 200 Employee Benefits | 104,689 |
| 300 Purchased Services | 5,048 |
| 400 Supplies and Materials | 95,798 |
| 113 Elementary Programs: | |
| 100 Salaries | 20,945 |
| 200 Employee Benefits | 13,496 |
| 300 Purchased Services | 10,887 |
| 400 Supplies and Materials | 73,574 |
| 114 High School Programs: | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | \$ - |

| IDEA (CA Projects) (203) | Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (EA Projects) (918) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|---|--|---|--|--|---|------------------|
| - | - | - | - | - | 97,949 | \$ 97,949 |
| - | - | - | - | - | 117,977 | 117,977 |
| - | - | - | - | - | 3,405 | 3,405 |
| 1,091,349 | - | - | - | - | - | 1,091,349 |
| - | 46,036 | - | - | - | - | 46,036 |
| - | - | - | - | - | 73,568 | 73,568 |
| <u>1,091,349</u> | <u>46,036</u> | <u>99,043</u> | <u>-</u> | <u>-</u> | <u>318,195</u> | <u>2,351,236</u> |
| 1,091,349 | 46,036 | 99,043 | 69,179 | 625,766 | 626,898 | 3,354,884 |
| - | - | - | - | - | - | 450 |
| - | - | - | - | - | - | 103 |
| - | - | - | - | - | - | 53,180 |
| - | - | - | - | - | - | 319,909 |
| - | - | - | - | - | - | 104,689 |
| - | - | - | - | - | - | 5,048 |
| - | - | - | - | - | 3,023 | 98,821 |
| - | - | - | - | 10,456 | 493 | 31,894 |
| - | - | - | - | 2,389 | 112 | 15,997 |
| - | - | - | - | 8,235 | 406 | 19,528 |
| - | - | - | - | 293,674 | 21,008 | 388,256 |
| - | - | - | - | 144,326 | 60,929 | 205,255 |
| - | - | - | - | 50,150 | 12,639 | 62,789 |
| - | - | - | - | 3,235 | - | 3,235 |
| - | - | - | - | 35,524 | 15,966 | \$ 51,490 |

(Continued)

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2013

**Title I
(BA Projects)
(201)**

| | |
|--|------|
| 115 Career and Technology Education Program: | |
| 100 Salaries | \$ - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 120 Exceptional Programs: | |
| 121 Educable Mentally Handicapped: | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 122 Trainable Mentally Handicapped: | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 123 Orthopedically Handicapped: | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 124 Visually Handicapped: | |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 125 Hearing Handicapped: | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 126 Speech Handicapped: | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 127 Learning Disabilities: | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | \$ - |

| IDEA (CA Projects) (203) | Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (EA Projects) (918) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|---|--|---|--|--|---|---------------|
| - | - | 1,720 | - | 9,264 | 5,758 | \$ 16,742 |
| - | - | 1,300 | - | - | - | 1,300 |
| - | - | 47,295 | - | - | - | 47,295 |
| - | - | 48,728 | - | - | - | 48,728 |
| 92,806 | - | - | - | - | - | 92,806 |
| 34,493 | - | - | - | - | - | 34,493 |
| 1,003 | - | - | - | - | - | 1,003 |
| 1,104 | - | - | - | - | 1,500 | 2,604 |
| 412 | - | - | - | - | - | 412 |
| 95 | - | - | - | - | - | 95 |
| 20 | - | - | - | - | - | 20 |
| 742 | - | - | - | - | - | 742 |
| 21,241 | - | - | - | - | - | 21,241 |
| 8,547 | - | - | - | - | - | 8,547 |
| 2,041 | - | - | - | - | - | 2,041 |
| 193 | - | - | - | - | 1,000 | 1,193 |
| 26,499 | - | - | - | - | - | 26,499 |
| 14,557 | - | - | - | - | - | 14,557 |
| 1,032 | - | - | - | - | - | 1,032 |
| 1,011 | - | - | - | - | 2,920 | 3,931 |
| 465 | - | - | - | - | - | 465 |
| 107 | - | - | - | - | - | 107 |
| 2,945 | - | - | - | - | - | 2,945 |
| 2,750 | - | - | - | - | 3,406 | 6,156 |
| 70,946 | - | - | - | - | - | 70,946 |
| 16,902 | - | - | - | - | - | 16,902 |
| 4,952 | - | - | - | - | - | 4,952 |
| 9,885 | - | - | - | - | - | \$ 9,885 |

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2013

| | Title I (BA Projects) (201) |
|---|--|
| 128 Emotionally Handicapped: | |
| 100 Salaries | \$ - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 130 Pre-School Programs: | |
| 137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds): | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 139 Early Childhood Programs: | |
| 100 Salaries | 186 |
| 200 Employee Benefits | 42 |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 140 Special Programs: | |
| 148 Gifted and Talented - Artistic: | |
| 100 Salaries | 42,201 |
| 200 Employee Benefits | 18,411 |
| 149 Other Special Programs: | |
| 300 Purchased Services | - |
| 160 Other Exceptional Programs: | |
| 161 Autism: | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 180 Adult/Continuing Educational Programs: | |
| 181 Adult Basic Education Programs: | |
| 100 Salaries | - |
| 140 Terminal Leave | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | \$ - |

| IDEA (CA Projects) (203) | Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (EA Projects) (918) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|--------------------------------|--|--------------------------------|--|--|--|-----------|
| 19,657 | - | - | - | - | - | \$ 19,657 |
| 8,056 | - | - | - | - | - | 8,056 |
| 16,877 | - | - | - | - | - | 16,877 |
| 668 | - | - | - | - | - | 668 |
| 17,716 | - | - | - | - | - | 17,716 |
| 10,205 | - | - | - | - | - | 10,205 |
| 81 | - | - | - | - | - | 81 |
| 2,223 | 2,998 | - | - | - | - | 5,221 |
| - | - | - | - | - | 20,659 | 20,845 |
| - | - | - | - | - | 4,710 | 4,752 |
| - | - | - | - | - | 2,468 | 2,468 |
| - | - | - | - | - | 272 | 272 |
| - | - | - | - | - | - | 42,201 |
| - | - | - | - | - | - | 18,411 |
| - | - | - | - | - | 10,833 | 10,833 |
| 219,235 | 18,275 | - | - | - | - | 237,510 |
| 57,006 | 4,172 | - | - | - | - | 61,178 |
| 3,937 | - | - | - | - | - | 3,937 |
| 4,333 | - | - | - | - | - | 4,333 |
| - | - | - | 30,664 | - | 45,289 | 75,953 |
| - | - | - | 3,582 | - | - | 3,582 |
| - | - | - | 11,241 | - | 7,334 | 18,575 |
| - | - | - | 1,856 | - | 7,290 | 9,146 |
| - | - | - | 2,356 | - | 7,950 | \$ 10,306 |

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2013

| | Title I (BA Projects) (201) |
|--|--|
| 182 Adult Secondary Education Programs: | |
| 100 Salaries | \$ - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 183 Adult English Literacy (ESL): | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 188 Parenting/Family Literacy: | |
| 300 Purchased Services | 2,000 |
| 400 Supplies and Materials | 7,801 |
| | <hr/> |
| Total Instruction | 768,720 |
| | <hr/> |
| 200 Support Services: | |
| 210 Pupil Services: | |
| 211 Attendance and Social Work Services: | |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 213 Health Services: | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 214 Psychological Services: | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 215 Exceptional Program Services: | |
| 600 Other Objects | - |
| 220 Instructional Staff Services: | |
| 221 Improvement of Instruction - Curriculum Development: | |
| 300 Purchased Services | - |
| 400 Supplies and Materials | \$ - |

| IDEA (CA Projects) (203) | Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (EA Projects) (918) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|--------------------------------|--|--------------------------------|--|--|--|-----------|
| - | - | - | 26,125 | - | 8,040 | \$ 34,165 |
| - | - | - | 9,632 | - | 1,509 | 11,141 |
| - | - | - | 173 | - | 840 | 1,013 |
| - | - | - | - | - | 2,825 | 2,825 |
| - | - | - | - | - | 23,800 | 23,800 |
| - | - | - | - | - | 4,260 | 4,260 |
| - | - | - | - | - | 2,040 | 2,040 |
| - | - | - | 348 | - | 955 | 1,303 |
| - | - | - | - | - | - | 2,000 |
| - | - | - | - | - | - | 7,801 |
| 674,742 | 25,445 | 99,043 | 85,977 | 557,253 | 280,234 | 2,491,414 |
| 2,729 | - | - | - | - | - | 2,729 |
| 68 | - | - | - | - | - | 68 |
| 96,004 | - | - | - | 39,787 | 41,598 | 177,389 |
| 30,891 | - | - | - | 9,175 | 14,599 | 54,665 |
| 13,699 | - | - | - | - | 98,813 | 112,512 |
| 582 | - | - | - | - | 7,426 | 8,008 |
| 53,962 | 16,768 | - | - | - | - | 70,730 |
| 17,857 | 3,823 | - | - | - | - | 21,680 |
| 2,913 | - | - | - | - | - | 2,913 |
| 1,633 | - | - | - | - | 467 | 2,100 |
| 1,695 | - | - | - | - | - | 1,695 |
| - | - | - | 250 | - | 4,284 | 4,534 |
| - | - | - | - | - | 178 | \$ 178 |

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2013

| | Title I (BA Projects) (201) |
|--|--|
| 223 Supervision of Special Programs: | |
| 100 Salaries | \$ - |
| 200 Employee Benefits | - |
| 300 Purchased Services | 4,732 |
| 400 Supplies and Materials | - |
| 600 Other Objects | - |
| 224 Improvement of Instruction - Inservice and Staff Training: | |
| 100 Salaries | - |
| 200 Employee Benefits | - |
| 300 Purchased Services | 14,881 |
| 400 Supplies and Materials | 4,464 |
| 250 Finance and Operations Services: | |
| 251 Student Transportation (Federal/District Mandated): | |
| 100 Salaries | 2,070 |
| 200 Employee Benefits | 480 |
| 300 Purchased Services | 1,266 |
| 254 Operation and Maintenance of Plant: | |
| 300 Purchased Services | - |
| 400 Supplies and Materials | - |
| 260 Central Support Services: | |
| 264 Staff Services: | |
| 100 Salaries | - |
| Total Support Services | <u>27,893</u> |
| 410 Intergovernmental Expenditures: | |
| 414 Medicaid Payments to SDE | |
| 720 Transits | - |
| Total Intergovernmental Expenditures | <u>-</u> |
| TOTAL EXPENDITURES | <u>796,613</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | - |
| FUND BALANCE, Beginning of Year | <u>-</u> |
| FUND BALANCE, End of Year | <u>\$ -</u> |

| IDEA (CA Projects) (203) | Preschool Handicapped (CG Projects) (205) | CATE (VA Projects) (207) | Adult Education (EA Projects) (918) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s/800s) | Totals |
|--------------------------------|--|--------------------------------|--|--|--|------------|
| 123,105 | - | - | - | - | - | \$ 123,105 |
| 35,217 | - | - | - | - | - | 35,217 |
| 694 | - | - | - | - | 6,443 | 11,869 |
| 4,762 | - | - | - | - | 3,300 | 8,062 |
| 526 | - | - | - | - | - | 526 |
| - | - | - | - | - | 15,488 | 15,488 |
| - | - | - | - | - | 3,559 | 3,559 |
| 27,299 | - | - | - | 12,457 | 69,587 | 124,224 |
| 2,221 | - | - | - | 1,216 | 14,797 | 22,698 |
| 93 | - | - | - | - | - | 2,163 |
| 21 | - | - | - | - | - | 501 |
| 636 | - | - | - | - | - | 1,902 |
| - | - | - | 1,172 | - | - | 1,172 |
| - | - | - | 2,975 | - | - | 2,975 |
| - | - | - | - | 5,878 | - | 5,878 |
| 416,607 | 20,591 | - | 4,397 | 68,513 | 280,539 | 818,540 |
| - | - | - | - | - | 67,035 | 67,035 |
| - | - | - | - | - | 67,035 | 67,035 |
| 1,091,349 | 46,036 | 99,043 | 90,374 | 625,766 | 627,808 | 3,376,989 |
| - | - | - | (21,195) | - | (910) | (22,105) |
| - | - | - | 220,547 | - | 368,019 | 588,566 |
| - | - | - | 199,352 | - | 367,109 | \$ 566,461 |

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2013

OTHER DESIGNATED RESTRICTED STATE GRANTS

| | |
|-----|---|
| 916 | ADEPT - Assisting, Developing, and Evaluating Professional Teaching |
| 918 | Adult Education |
| 926 | EEDA 9th Grade Awareness |
| 927 | EEDA 8th Grade Awareness |
| 928 | EEDA Career Awareness |
| 932 | EAA Bus Driver Salary and Fringe |
| 933 | Formative Assessment (Carryover Only) |
| 937 | Student Health and Fitness - PE Teachers |
| 938 | High Schools That Works/Making Middle Grades Work (Carryover Only) |
| 945 | South Carolina Reading Initiative |
| 960 | K-5 Enhancement |
| 967 | 6-8 Enhancement |
| 968 | High School That Works |

OTHER SPECIAL REVENUE PROGRAMS

| | |
|-----|---|
| 201 | Title I |
| 203 | IDEA |
| 205 | Preschool Grants |
| 207 | Perkins Aid, Title I, Base Grants Current Year (84.048) |
| 212 | Ag Teacher |
| 214 | Medicaid |
| 217 | Blue Eagle Academy Donations |
| 218 | i3 Reading Recovery |
| 241 | Title V |
| 243 | Adult Education - Federal |
| 244 | Adult Ed (Carryover Only) |
| 264 | Title III |
| 267 | Improving Teacher Quality (Carryover Provision) |
| 277 | ROTC |
| 284 | First Steps |
| 801 | SAT Improvement |
| 807 | Professional Development - Gifted |
| 930 | IDEA Supplemental Programs |

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2013

| SUBFUND | REVENUE | PROGRAMS | REVENUES | EXPENDITURES | SPECIAL REVENUE | | Special Revenue Fund Deferred |
|---------------|---------|--|-------------------|----------------|------------------------------------|---|--|
| | | | | | INTERFUND TRANSFERS IN (OUT) | OTHER FUND TRANSFERS SOURCES (USES) | |
| 916 | 3991 | ADEPT | \$ 5,878 | 5,878 | - | - | \$ - |
| 928 | 3118 | EEDA Career Specialist | 203,740 | 203,740 | - | - | - |
| 926 | 3116 | EEDA 9th Grade Awareness | - | - | - | - | 2,483 |
| 927 | 3117 | EEDA 8th Grade Awareness | - | - | - | - | 12,723 |
| 932 | 3161 | EAA Bus Driver Salary and Fringe | - | - | - | - | 4,276 |
| 933 | 3123 | Formative Assessment (Carryover Only) | - | - | - | - | 18,113 |
| 937 | 3127 | Student Health and Fitness - PE Teachers | 48,961 | 48,961 | - | - | - |
| 938 | 3128 | High Schools That Work/Making Middle Grades Work (Carryover Only) | 3,235 | 3,235 | - | - | 8,259 |
| 945 | 3195 | South Carolina Reading Initiative | 35,524 | 35,524 | - | - | 7,202 |
| 960 | 3610 | K-5 Enhancement | 305,019 | 305,019 | - | - | 254,858 |
| 967 | 3607 | 6-8 Enhancement | 23,409 | 23,409 | - | - | 846 |
| 968 | 3608 | High Schools That Work | - | - | - | - | 5,660 |
| Totals | | | \$ 625,766 | 625,766 | - | - | \$ 314,420 |

EDUCATION IMPROVEMENT ACT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS

YEAR ENDED JUNE 30, 2013

| | ACTUAL |
|--|------------------|
| REVENUES | |
| 3000 Revenue from State Sources: | |
| 3500 Education Improvement Act: | |
| 3511 Professional Development | \$ 33,557 |
| 3518 Formative Assessment | 25,011 |
| 3525 Career and Technology Education Equipment | 81,455 |
| 3526 Refurbishment of K-8 Science Kits | 30,372 |
| 3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision) | 899,687 |
| 3533 Teacher of the Year Awards | 1,077 |
| 3538 Student at Risk of School Failure | 883,413 |
| 3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children) | 86,963 |
| 3544 High Achieving Students | 258,764 |
| 3550 Teacher Salary Increase (No Carryover Provision) | 965,483 |
| 3551 Teacher Salary Supplement State Share | 501,331 |
| 3556 Adult Education | 334,288 |
| 3558 Reading | 47,522 |
| 3577 Teacher Supplies (No Carryover Provision) | 126,954 |
| 3578 High Schools That Work/Making Middle Grades Work | 696 |
| 3581 Student Health and Fitness-Nurses | 188,809 |
| 3585 Aid to Districts-Special Education | 177,559 |
| 3588 IDEA MOE Special Allocation | 426,629 |
| 3597 Aid to Districts | 190,789 |
| Total Revenue from State Sources | 5,260,359 |
| TOTAL REVENUE ALL SOURCES | 5,260,359 |

EXPENDITURES

| | |
|----------------------------|-----------|
| 100 Instruction: | |
| 110 General Instruction: | |
| 111 Kindergarten Programs: | |
| 100 Salaries | 102,748 |
| 200 Employee Benefits | 23,266 |
| 112 Primary Programs: | |
| 100 Salaries | 890,993 |
| 200 Employee Benefits | 232,472 |
| 400 Supplies and Materials | 62,045 |
| 113 Elementary Programs: | |
| 100 Salaries | 736,561 |
| 200 Employee Benefits | 170,806 |
| 400 Supplies and Materials | \$ 82,203 |

(Continued)

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2013

| | ACTUAL |
|---|---------------|
| 114 High School Programs: | |
| 100 Salaries | \$ 497,090 |
| 200 Employee Benefits | 112,776 |
| 300 Purchased Services | 696 |
| 400 Supplies and Materials | 38,088 |
| 115 Career and Technology Education Program: | |
| 100 Salaries | 68,734 |
| 200 Employee Benefits | 12,898 |
| 300 Purchased Services - Other Than Tuition | 1,680 |
| 400 Supplies and Materials | 63,933 |
| 120 Exceptional Programs: | |
| 121 Educable Mentally Handicapped: | |
| 100 Salaries | 19,211 |
| 200 Employee Benefits | 4,342 |
| 122 Trainable Mentally Handicapped: | |
| 100 Salaries | 9,195 |
| 200 Employee Benefits | 2,044 |
| 125 Hearing Handicapped: | |
| 100 Salaries | 1,410 |
| 200 Employee Benefits | 318 |
| 126 Speech Handicapped: | |
| 100 Salaries | 17,715 |
| 200 Employee Benefits | 3,993 |
| 127 Learning Disabilities: | |
| 100 Salaries | 447,821 |
| 200 Employee Benefits | 113,347 |
| 128 Emotionally Handicapped: | |
| 100 Salaries | 155,508 |
| 200 Employee Benefits | 47,438 |
| 130 Pre-School Programs: | |
| 137 Preschool Hanicapped Self Contained (3 & 4 Yr. Olds): | |
| 100 Salaries | 5,502 |
| 200 Employee Benefits | 1,246 |
| 139 Early Childhood Programs: | |
| 100 Salaries | 97,846 |
| 200 Employee Benefits | 25,937 |
| 140 Special Programs: | |
| 141 Gifted and Talented - Academic: | |
| 100 Salaries | 162,068 |
| 200 Employee Benefits | 58,175 |
| 300 Purchased Services | 32,841 |
| 400 Supplies and Materials | 5,580 |
| 600 Other Objects | \$ 100 |

(Continued)

EDUCATION IMPROVEMENT ACT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS

YEAR ENDED JUNE 30, 2013

| | ACTUAL |
|--|------------------|
| 160 Other Exceptional Programs: | |
| 161 Autism: | |
| 100 Salaries | \$ 14,142 |
| 200 Employee Benefits | 3,209 |
| 180 Adult/Continuing Educational Programs: | |
| 181 Adult Basic Education Programs: | |
| 100 Salaries | 6,872 |
| 200 Employee Benefits | 3,673 |
| 182 Adult Secondary Education Programs: | |
| 100 Salaries | 41,912 |
| 200 Employee Benefits | 13,291 |
| 300 Purchased Services | 65,813 |
| 400 Supplies and Materials | 7,508 |
| 183 Adult Education Literacy (ESL): | |
| 100 Salaries | 49,587 |
| 200 Employee Benefits | 7,486 |
| 400 Supplies and Materials | 349 |
| 187 Adult Education - Remedial: | |
| 100 Salaries | 11,726 |
| 200 Employee Benefits | 2,651 |
| Total Instruction | <u>4,536,845</u> |
| 200 Support Services: | |
| 212 Guidance Services: | |
| 100 Salaries | 90,958 |
| 200 Employee Benefits | 22,310 |
| 213 Health Services: | |
| 100 Salaries | 158,754 |
| 200 Employee Benefits | 30,056 |
| 220 Instructional Staff Services: | |
| 221 Improvement of Instruction-Curriculum Development: | |
| 100 Salaries | 22,500 |
| 200 Employee Benefits | 3,420 |
| 222 Library and Media: | |
| 100 Salaries | 23,935 |
| 200 Employee Benefits | 23,815 |
| 223 Supervision of Special Programs: | |
| 100 Salaries | 90,762 |
| 200 Employee Benefits | 29,327 |
| 300 Purchased Services | 2,153 |
| 400 Supplies and Materials | \$ 1,179 |

(Continued)

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

Schedule B-4

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2013

| | ACTUAL |
|--|-------------------------|
| 224 Improvement of Instruction - Inservice and Staff Training: | |
| 100 Salaries | \$ 17,663 |
| 200 Employee Benefits | 4,088 |
| 300 Purchased Services | 8,409 |
| 400 Supplies and Materials | 3,397 |
| 260 Central Support Services: | |
| 266 Technology and Data Processing Services: | |
| 300 Purchased Services | 190,788 |
| Total Support Services | <u>723,514</u> |
| TOTAL EXPENDITURES | <u>5,260,359</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | - |
| FUND BALANCE, Beginning of Year | <u>-</u> |
| FUND BALANCE, End of Year | <u>\$ -</u> |

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2013

| Program | Revenues | Expenditures | EIA Interfund Transfers In/(Out) | Other Fund Transfers In/(Out) | EIA Fund Deferred Revenue |
|--|---------------------|------------------|--|-------------------------------------|---------------------------------|
| 3500 Education Improvement Act: | | | | | |
| 3509 Arts in Education | \$ - | - | - | - | \$ 12,236 |
| 3511 Professional Development | 33,557 | 33,557 | - | - | 33,852 |
| 3518 Formative Assessment | 25,011 | 25,011 | - | - | 2,971 |
| 3525 Career and Technology Education Equipment | 81,455 | 81,455 | - | - | - |
| 3526 Refurbishment of K-8 Science Kits | 30,372 | 30,372 | - | - | 5,929 |
| 3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision) | 899,687 | 899,687 | - | - | - |
| 3533 Teacher of the Year Awards (No Carryover Provision) | 1,077 | 1,077 | - | - | - |
| 3538 Student at Risk of School Failure | 883,413 | 883,413 | - | - | 691,697 |
| 3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children) | 86,963 | 86,963 | - | - | - |
| 3544 High Achieving Students | 258,764 | 258,764 | - | - | 170,276 |
| 3550 Teacher Salary Increase (No Carryover Provision) | 965,483 | 965,483 | - | - | - |
| 3551 Teacher Salary Supplement State Share | 501,331 | 501,331 | - | - | - |
| 3556 Adult Education | 334,288 | 334,288 | - | - | 113,689 |
| 3558 Reading | 47,522 | 47,522 | - | - | 58,986 |
| 3575 Competitive Teacher Grants | - | - | - | - | 1,174 |
| 3577 Teacher Supplies (No Carryover Provision) | 126,954 | 126,954 | - | - | - |
| 3578 High Schools That Work | 696 | 696 | - | - | 12,393 |
| 3581 Student Health and Fitness-Nurses | 188,809 | 188,809 | - | - | - |
| 3585 Aid to Districts-Special Education | 177,559 | 177,559 | - | - | 260,323 |
| 3588 IDEA MOE Special Allocation | 426,629 | 426,629 | - | - | - |
| 3591 Middle School Initiative | - | - | - | - | 29,320 |
| 3596 EAA Alternative Schools Program | - | - | - | - | 4,247 |
| 3597 Aid to Districts | 190,789 | 190,789 | - | - | 108,523 |
| 3598 Cost of Allocations | - | - | - | - | 22,110 |
| 3599 Other EIA | - | - | - | - | 46,028 |
| Totals | \$ 5,260,359 | 5,260,359 | - | - | \$ 1,573,754 |

DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT

YEAR ENDED JUNE 30, 2013

| Program | Project/Grant Number | Revenue & Subfund Code | Description | Amount Due to State Department of Education or Federal Government | Status of Amount Due to Grantors |
|---------|-------------------------|---------------------------|-------------|---|--|
| None | | | | | |

(This page intentionally left blank.)

Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

Debt Service Fund

The *Debt Service Fund, a major fund* and an unbudgeted fund, is used to account for the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest and related costs for the School District.

(This page intentionally left blank.)

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

Schedule C-1

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2013

| | <u>ACTUAL</u> |
|---|-----------------------------|
| REVENUES | |
| 1000 Revenue from Local Sources: | |
| 1100 Taxes: | |
| 1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA) | \$ 10,663,908 |
| 1140 Penalties & Interest on Taxes (Independent) | 261,753 |
| 1500 Earnings on Investments: | |
| 1510 Interest on Investments | 22,811 |
| Total Revenue from Local Sources | <u>10,948,472</u> |
| 3000 Revenue from State Sources: | |
| 3800 State Revenue in Lieu of Taxes: | |
| 3820 Homestead Exemption (Tier 2) | 165,880 |
| 3830 Merchant's Inventory Tax | 4,111 |
| 3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax) | 17,148 |
| Total Revenue from State Sources | <u>187,139</u> |
| TOTAL REVENUE ALL SOURCES | <u>11,135,611</u> |
| EXPENDITURES | |
| 500 Debt Service: | |
| 610 Redemption of Principal | 4,975,000 |
| 620 Interest | 2,935,294 |
| 690 Other Objects (Includes Fees for Servicing Bonds) | 900 |
| Total Debt Service | <u>7,911,194</u> |
| TOTAL EXPENDITURES | <u>7,911,194</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | 3,224,417 |
| FUND BALANCE, Beginning of Year | <u>8,858,060</u> |
| FUND BALANCE, End of Year | <u>\$ 12,082,477</u> |

(This page intentionally left blank.)

Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

Capital Projects Fund

The *Capital Projects Fund, a major fund* and an unbudgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to site acquisitions, construction, equipment, and renovation of all major capital facilities.

(This page intentionally left blank.)

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

Schedule D-1

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2013

| | ACTUAL |
|--|-----------------------------|
| REVENUES | |
| 1000 Revenue from Local Sources: | |
| 1500 Earnings on Investments: | |
| 1510 Interest on Investments | \$ 74,605 |
| 1900 Other Revenue from Local Sources: | |
| 1999 Revenue from Other Local Sources | 38,985 |
| Total Revenue from Local Sources | <u>113,590</u> |
| TOTAL REVENUE ALL SOURCES | <u>113,590</u> |
| EXPENDITURES | |
| 250 Finance and Operations: | |
| 253 Facilities Acquisition & Construction: | |
| 300 Purchased Services | 125,389 |
| 400 Supplies and Materials | 2,658,832 |
| 500 Capital Outlay: | |
| 520 Construction Services | 2,765,668 |
| 525 Buildings | 1,278,315 |
| 540 Equipment | 177,281 |
| 550 Vehicles | 473,682 |
| Total Finance and Operations | <u>7,479,167</u> |
| TOTAL EXPENDITURES | <u>7,479,167</u> |
| OTHER FINANCING SOURCES (USES) | |
| Interfund Transfers, From (To) Other Funds: | |
| 5210 Transfer from General Fund (Exclude Indirect Costs) | 9,500,000 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>9,500,000</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | 2,134,423 |
| FUND BALANCE, Beginning of Year | <u>37,268,385</u> |
| FUND BALANCE, End of Year | <u>\$ 39,402,808</u> |

(This page intentionally left blank.)

Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

Special Revenue-Food Service

The *Food Service Fund, a major fund* and an unbudgeted fund, is used to account for and report the United States Department of Agriculture's approved school breakfast and lunch program. The principal operating revenues of the Fund are charges to students and teachers for breakfast, lunch and special sales. Operating expenses for the Fund include the cost of sales and administrative expenses.

(This page intentionally left blank.)

SPECIAL REVENUE - FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2013

| | <u>ACTUAL</u> |
|--|----------------------------|
| REVENUES | |
| 1000 Revenue from Local Sources: | |
| 1500 Earnings on Investments: | |
| 1510 Interest on Investments | \$ 70 |
| 1600 Food Service: | |
| 1610 Lunch Sales to Pupils | 663,464 |
| 1620 Breakfast Sales to Pupils | 39,141 |
| 1630 Special Sales to Pupils | 326,478 |
| 1640 Lunch Sales to Adults | 17,929 |
| 1650 Breakfast Sales to Adults | 1,609 |
| 1660 Special Sales to Adults | 28,809 |
| 1900 Other Revenue from Local Sources: | |
| 1950 Refund of Prior Year's Expenditures (Include Only if Expenditure Occurred Last Year and the Refund This Year) | 277,614 |
| 1990 Miscellaneous Revenue | 27,323 |
| Total Revenue from Local Sources | <u>1,382,437</u> |
| 3000 Revenue from State Sources: | |
| 3100 Restricted State Funding: | |
| 3140 School Lunch: | |
| 3142 Program Aid | 209 |
| Total Revenue from State Sources | <u>209</u> |
| 4000 Revenue from Federal Sources: | |
| 4800 USDA Reimbursement: | |
| 4810 School Lunch and After School Snacks Program | 1,018,975 |
| 4830 School Breakfast Program | 183,673 |
| 4900 Other Federal Sources: | |
| 4991 USDA Commodities (Food Distribution Program) (Carryover Provision) | 160,995 |
| 4999 Revenue from Other Federal Sources | 4,572 |
| Total Revenue from Federal Sources | <u>1,368,215</u> |
| TOTAL REVENUE ALL SOURCES | <u>2,750,861</u> |
| EXPENSES | |
| 256 Food Service: | |
| 100 Salaries | 824,906 |
| 200 Employee Benefits | 153,354 |
| 300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels) | 1,174,324 |
| 400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels) | 193,211 |
| 600 Other Objects | 3,682 |
| Total Food Services Expenses | <u>2,349,477</u> |
| TOTAL EXPENDITURES | <u>\$ 2,349,477</u> |

(Continued)

SPECIAL REVENUE - FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2013

| | <u>ACTUAL</u> |
|--|--------------------------|
| OTHER FINANCING SOURCES (USES) | |
| Interfund Transfers, From (To) Other Funds: | |
| 432-791 Food Service Fund Indirect Costs | \$ (186,362) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(186,362)</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | 215,022 |
| FUND BALANCE, Beginning of Year | <u>356,242</u> |
| FUND BALANCE, End of Year | <u>\$ 571,264</u> |

Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

Fiduciary Fund-Agency-Pupil Activity

Fiduciary Fund Types are used to account for expendable assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include Agency Funds. Fiduciary Fund Types include the following:

The *Agency Fund*, an unbudgeted fund, accounts for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity (assets are equal to liabilities) and do not include revenues and expenditures for the general operation of the School District. This accounting reflects the agency relationship of the School District with the student activity organizations.

(This page intentionally left blank.)

PUPIL ACTIVITY FUND

SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN DUE TO STUDENT ORGANIZATIONS

YEAR ENDED JUNE 30, 2013

| | <u>ACTUAL</u> |
|--|--------------------------|
| RECEIPTS | |
| 1000 Receipts from Local Sources: | |
| 1500 Earnings on Investments: | |
| 1510 Interest on Investments | \$ 2 |
| 1700 Pupil Activities: | |
| 1710 Admissions | 86,223 |
| 1720 Bookstore Sales | 5,711 |
| 1740 Student Fees | 333,141 |
| 1790 Other | 1,299,319 |
| 1900 Other Revenue from Local Sources | |
| 1920 Contributions & Donations Private Sources | 9,104 |
| Total Receipts from Local Sources | <u>1,733,500</u> |
| TOTAL RECEIPTS ALL SOURCES | <u>1,733,500</u> |
| DISBURSEMENTS | |
| 190 Instructional Pupil Activity: | |
| 100 Salaries (Optional) | 6,740 |
| 200 Employee Benefits (Optional) | 847 |
| 400 Supplies and Materials (Optional) | 44,103 |
| 660 Pupil Activity | 28,358 |
| Total Instruction | <u>80,048</u> |
| 270 Support Services Pupil Activity: | |
| 271 Pupil Service Activities: | |
| 100 Salaries (Optional) | 22,390 |
| 200 Employee Benefits (Optional) | 11,565 |
| 300 Purchased Services (Optional) | 41,384 |
| 400 Supplies and Materials (Optional) | 187,976 |
| 660 Pupil Activity | 1,402,075 |
| Total Pupil Activity Expenditures | <u>1,665,390</u> |
| TOTAL DISBURSEMENTS | <u>1,745,438</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES | (11,938) |
| DUE TO STUDENT ORGANIZATIONS, Beginning of Year | <u>490,771</u> |
| DUE TO STUDENT ORGANIZATIONS, End of Year | <u>\$ 478,833</u> |

PUPIL ACTIVITY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2013

| | BALANCE- BEGINNING OF YEAR | ADDITIONS | REDUCTIONS | BALANCE- END OF YEAR |
|------------------------------|---|------------------|-------------------|-------------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 11,100 | 1,746,290 | 1,746,290 | \$ 11,100 |
| Investments | 18,422 | - | - | 18,422 |
| Receivables | 462,126 | - | 12,790 | 449,336 |
| TOTAL ASSETS | \$ 491,648 | 1,746,290 | 1,759,080 | \$ 478,858 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 811 | - | 811 | \$ - |
| Other Payables | 66 | - | 41 | 25 |
| Due to Student Organizations | 490,771 | - | 11,938 | 478,833 |
| TOTAL LIABILITIES | \$ 491,648 | - | 12,790 | \$ 478,858 |

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2013

| Location ID | Location Description | Education Level | Cost Type | Total Expenditures |
|---|-----------------------------|------------------------|------------------|---------------------------|
| 10 | Clover High School | High School | School | \$ 20,257,440 |
| 11 | Bethany Elementary | Elementary School | School | 3,108,221 |
| 12 | Bethel Elementary | Elementary School | School | 3,643,323 |
| 13 | Clover Middle | Middle School | School | 5,325,035 |
| 14 | Kinard Elementary | Elementary School | School | 3,641,112 |
| 16 | Larne Elementary | Elementary School | School | 6,477,376 |
| 18 | Oakridge Middle | Middle School | School | 5,406,855 |
| 47 | Griggs Road | Elementary School | School | 4,438,385 |
| 51 | Crowders Creek Elementary | Elementary School | School | 7,528,419 |
| All Others | Clover School District | Non-Schools | Central | 25,486,788 |
| TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS | | | | \$ 85,312,954 |

The above expenditures are reconciled to the School District's financial statements as follows:

| Fund | Amount |
|-------------------------------------|----------------------|
| General Fund | \$ 57,190,330 |
| Special Revenue Fund | 3,376,989 |
| Special Revenue - EIA Fund | 5,260,359 |
| Special Revenue - Food Service Fund | 2,349,477 |
| Debt Service Fund | 7,911,194 |
| Capital Projects Fund | 7,479,167 |
| Pupil Activity Fund | 1,745,438 |
| | \$ 85,312,954 |

(This page intentionally left blank.)

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

STATISTICAL SECTION

YEAR ENDED JUNE 30, 2013

This section of the Clover School District No. 2's (the "School District") comprehensive annual financial report presents detailed trend and other information as a context for understanding what the information in the financial statements, notes to the financial statements, required supplementary information and other supplementary information says about the School District's overall financial health.

Page Number

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

105

Revenue Capacity

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.

111

Debt Capacity

These schedules present information to help the reader assess the affordability of the School District's current level of outstanding debt and the School District's ability to issue additional debt in the future.

115

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

119

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District's provides and the activities it performs.

121

Sources: Unless otherwise noted, the information in these schedules is derived from the prior year audit reports for the relevant year.

(This page intentionally left blank.)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|--|---------------|------------|------------|------------|------------|------------|------------|-------------|-------------|----------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 20,416,485 | 24,983,784 | 28,126,568 | 34,861,396 | 38,405,336 | 41,807,358 | 43,203,008 | 49,330,211 | 61,373,041 | \$ 67,763,734 |
| Restricted | 1,823,568 | 2,933,549 | 3,978,671 | 4,434,834 | 5,960,277 | 9,560,878 | 11,502,595 | 13,048,685 | 8,941,640 | 12,332,909 |
| Unrestricted | 11,188,333 | 15,440,834 | 20,355,644 | 21,674,920 | 31,125,890 | 37,238,460 | 43,743,967 | 51,196,151 | 55,593,923 | 58,701,987 |
| Total Governmental Activities Net Position | \$ 33,428,376 | 43,358,167 | 52,460,883 | 60,971,150 | 75,491,503 | 88,606,696 | 98,449,570 | 113,575,047 | 125,908,604 | \$ 138,798,630 |
| Primary Government | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 20,416,485 | 24,983,784 | 28,126,568 | 34,861,396 | 38,405,336 | 41,807,358 | 43,203,008 | 49,330,211 | 61,373,041 | \$ 67,763,734 |
| Restricted | 1,823,568 | 2,933,549 | 3,978,671 | 4,434,834 | 5,960,277 | 9,560,878 | 11,502,595 | 13,048,685 | 8,941,640 | 12,332,909 |
| Unrestricted | 11,188,333 | 15,440,834 | 20,355,644 | 21,674,920 | 31,125,890 | 37,238,460 | 43,743,967 | 51,196,151 | 55,593,923 | 58,701,987 |
| Total Primary Government Net Position | \$ 33,428,376 | 43,358,167 | 52,460,883 | 60,971,150 | 75,491,503 | 88,606,696 | 98,449,570 | 113,575,047 | 125,908,604 | \$ 138,798,630 |

Note: The School District does not have any Business-Type Activities.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

TABLE 2

| | Fiscal Year | | | | | | | | | |
|--|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction | \$ 26,760,107 | 27,517,790 | 28,081,254 | 30,708,523 | 35,058,433 | 37,263,083 | 36,702,442 | 45,794,182 | 41,237,942 | \$ 42,448,199 |
| Support Services | 15,807,810 | 18,141,971 | 23,112,773 | 24,897,502 | 25,112,929 | 23,980,735 | 32,884,022 | 20,419,995 | 29,045,695 | 31,783,805 |
| Community Services | - | - | - | - | - | 468 | - | - | - | - |
| Intergovernmental | 7,940 | 12,084 | 93,863 | 81,674 | 65,450 | 65,654 | 72,000 | 79,019 | 87,829 | 128,322 |
| Interest and Other Charges | 1,659,461 | 1,502,783 | 1,338,467 | 1,182,999 | 3,191,967 | 3,560,048 | 3,099,902 | 3,015,588 | 2,982,741 | 2,757,448 |
| Loss on disposal of Assets | 12,113 | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities Expenses | 44,247,431 | 47,174,628 | 52,626,357 | 56,870,698 | 63,428,779 | 64,869,988 | 72,758,366 | 69,308,784 | 73,354,207 | 77,117,774 |
| Total Primary Government Expenses | \$ 44,247,431 | 47,174,628 | 52,626,357 | 56,870,698 | 63,428,779 | 64,869,988 | 72,758,366 | 69,308,784 | 73,354,207 | \$ 77,117,774 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Instruction | \$ 54,210 | 4,035 | - | 6,218 | 6,366 | 19,346 | 5,808 | - | - | \$ - |
| Support Services | 908,619 | 1,951,354 | 2,187,874 | 2,311,336 | 2,561,532 | 2,605,101 | 2,804,977 | 2,630,142 | 2,758,761 | 2,750,861 |
| Operating Grants and Contributions | 12,431,445 | 14,354,921 | 16,656,276 | 18,139,281 | 22,517,840 | 20,467,773 | 21,759,885 | 21,512,659 | 20,399,438 | 23,218,325 |
| Capital Grants and Contributions | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities Program Revenues | 13,394,274 | 16,310,310 | 18,844,150 | 20,456,835 | 25,085,738 | 23,092,220 | 24,570,670 | 24,142,801 | 23,158,199 | 25,969,186 |
| Total Primary Government Program Revenues | \$ 13,394,274 | 16,310,310 | 18,844,150 | 20,456,835 | 25,085,738 | 23,092,220 | 24,570,670 | 24,142,801 | 23,158,199 | \$ 25,969,186 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (30,853,157) | (30,864,318) | (33,782,207) | (36,413,863) | (38,343,041) | (41,777,768) | (48,187,696) | (45,165,983) | (50,196,008) | \$ (51,148,588) |
| Total Primary Government Net (Expense)/Revenue | \$ (30,853,157) | (30,864,318) | (33,782,207) | (36,413,863) | (38,343,041) | (41,777,768) | (48,187,696) | (45,165,983) | (50,196,008) | \$ (51,148,588) |

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---|---------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes by Source: | | | | | | | | | | |
| Property Tax - General Operations | \$ 27,660,037 | 29,438,093 | 31,724,393 | 33,874,809 | 29,906,351 | 31,316,933 | 33,935,039 | 36,337,679 | 38,224,297 | \$ 41,591,153 |
| Property Tax - Debt Service | 7,014,439 | 7,251,929 | 7,476,838 | 7,035,731 | 9,758,303 | 11,821,019 | 12,509,486 | 12,794,150 | 12,230,388 | 10,840,936 |
| State Revenue in Lieu of Taxes | - | - | - | - | 10,190,980 | 10,516,488 | 10,790,718 | 10,541,351 | 10,912,506 | 11,161,951 |
| Other Taxes | 2,386,246 | 2,382,967 | 2,491,252 | 2,564,324 | 178,173 | 212,325 | 199,004 | 237,190 | 205,090 | 187,139 |
| Unrestricted Investment Earnings | 212,868 | 434,144 | 976,845 | 1,321,834 | 2,788,872 | 925,869 | 295,386 | 249,815 | 208,345 | 162,439 |
| Miscellaneous | 262,155 | 195,336 | 215,595 | 127,432 | 40,715 | 100,327 | 300,937 | 131,275 | 748,939 | 94,996 |
| Other Revenues | 42,265 | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities | 37,578,010 | 39,702,469 | 42,884,923 | 44,924,130 | 52,863,394 | 54,892,961 | 58,030,570 | 60,291,460 | 62,529,565 | 64,038,614 |
| Total Primary Government | \$ 37,578,010 | 39,702,469 | 42,884,923 | 44,924,130 | 52,863,394 | 54,892,961 | 58,030,570 | 60,291,460 | 62,529,565 | \$ 64,038,614 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | \$ 6,724,853 | 8,838,151 | 9,102,716 | 8,510,267 | 14,520,353 | 13,115,193 | 9,842,874 | 15,125,477 | 12,333,557 | \$ 12,890,026 |
| Total Primary Government | \$ 6,724,853 | 8,838,151 | 9,102,716 | 8,510,267 | 14,520,353 | 13,115,193 | 9,842,874 | 15,125,477 | 12,333,557 | \$ 12,890,026 |

Note: The School District does not have any Business-Type Activities.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 3

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|--------------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 ¹ | 2012 | 2013 |
| General Fund | | | | | | | | | | |
| Pre-GASB #54 ¹ | | | | | | | | | | |
| Unreserved | \$ 9,069,960 | 11,593,258 | 9,096,369 | 12,401,089 | 13,382,734 | 14,104,489 | 14,156,604 | - | - | \$ - |
| Post-GASB #54 ¹ | | | | | | | | | | |
| Unassigned | - | - | - | - | - | - | - | 14,833,765 | 15,927,336 | 17,308,602 |
| Total General Fund | <u>\$ 9,069,960</u> | <u>11,593,258</u> | <u>9,096,369</u> | <u>12,401,089</u> | <u>13,382,734</u> | <u>14,104,489</u> | <u>14,156,604</u> | <u>14,833,765</u> | <u>15,927,336</u> | <u>\$ 17,308,602</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Pre-GASB #54 ¹ | | | | | | | | | | |
| Reserved | \$ 1,823,558 | 5,636,574 | 4,070,269 | 4,542,357 | 6,861,427 | 19,715,821 | 19,549,379 | - | - | \$ - |
| Unreserved, Reported In: | | | | | | | | | | |
| Special Revenue Funds | 740,030 | - | - | 340,493 | 314,157 | 232,473 | 291,481 | - | - | - |
| Capital Projects Funds | 1,432,349 | 2,700,000 | 9,810,972 | 7,851,985 | 60,388,713 | 21,373,477 | 27,381,213 | - | - | - |
| Post-GASB #54 ¹ | | | | | | | | | | |
| Non-Spendable: Special Revenue Funds | - | - | - | - | - | - | - | 22,391 | 22,391 | 22,391 |
| Restricted: | | | | | | | | | | |
| Special Revenue Funds | - | - | - | - | - | - | - | 734,859 | 554,398 | 748,225 |
| Capital Projects Funds | - | - | - | - | - | - | - | 3,705,278 | - | - |
| Debt Service Funds | - | - | - | - | - | - | - | 12,769,915 | 8,858,060 | 12,082,477 |
| Assigned: | | | | | | | | | | |
| Capital Projects Funds | - | - | - | - | - | - | - | 34,388,737 | 37,268,385 | 39,402,809 |
| Special Education | - | - | - | - | - | - | - | 312,890 | 368,019 | 367,109 |
| Total All Other Governmental Funds | <u>\$ 3,995,937</u> | <u>8,336,574</u> | <u>13,881,241</u> | <u>12,734,835</u> | <u>67,564,297</u> | <u>41,321,771</u> | <u>47,222,073</u> | <u>51,934,070</u> | <u>47,071,253</u> | <u>\$ 52,623,011</u> |

Note 1: The School District implemented GASB #54 "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB #54") in 2011. GASB #54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The School District has elected to apply GASB #54 prospectively - and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|--|---------------|------------|------------|------------|-------------|--------------|------------|-------------|-------------|---------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Revenues | | | | | | | | | | |
| Local Sources: | | | | | | | | | | |
| Taxes by Source: | | | | | | | | | | |
| Property Tax - General Operations | \$ 27,632,440 | 29,340,845 | 31,419,414 | 34,210,007 | 29,730,266 | 31,046,150 | 33,548,591 | 35,686,233 | 38,760,230 | \$ 41,997,869 |
| Property Tax - Debt Service | 7,014,440 | 7,227,231 | 7,407,695 | 7,126,752 | 9,700,021 | 11,726,553 | 12,413,122 | 12,721,614 | 12,313,689 | 10,925,661 |
| Investment Earnings | - | 434,144 | 976,845 | 1,321,834 | 2,788,872 | 925,869 | 295,386 | 249,815 | 208,345 | 162,439 |
| Other Local Sources | 1,480,117 | 1,489,397 | 1,823,686 | 1,839,779 | 1,781,707 | 1,695,889 | 2,095,585 | 1,820,037 | 2,377,875 | 1,858,916 |
| State Sources | 12,735,658 | 10,748,512 | 13,354,218 | 15,021,348 | 26,319,057 | 25,477,622 | 24,569,343 | 27,447,753 | 28,917,591 | 31,835,994 |
| Federal Sources | 2,080,510 | 2,563,399 | 2,819,437 | 2,844,980 | 3,248,377 | 3,238,428 | 5,831,241 | 5,782,171 | 3,729,057 | 3,719,451 |
| Intergovernmental Revenue | 16,546 | 4,042,868 | 3,553,656 | 3,442,484 | 4,146,465 | 3,509,421 | 3,365,160 | 2,656 | 209 | 209 |
| Total Revenues | \$ 50,959,711 | 55,846,396 | 61,354,951 | 65,807,184 | 77,714,765 | 77,619,932 | 82,118,428 | 83,710,279 | 86,306,996 | \$ 90,500,539 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Instruction | \$ 25,655,990 | 26,608,300 | 28,506,093 | 29,571,608 | 33,411,441 | 35,758,030 | 37,389,723 | 37,313,059 | 38,433,879 | \$ 40,452,978 |
| Support Services | 15,143,099 | 16,697,968 | 22,348,356 | 25,195,275 | 42,516,654 | 24,362,721 | 32,265,038 | 25,985,792 | 28,338,035 | 30,264,801 |
| Community Services | - | - | - | - | - | 468 | - | - | - | - |
| Intergovernmental | 7,940 | 12,084 | 93,863 | 81,674 | 65,450 | 65,654 | 72,000 | 79,019 | 87,829 | 128,322 |
| Capital Outlay | 1,552,504 | 3,450,411 | 349,979 | 1,863,094 | 503,381 | 36,184,932 | 346,952 | 13,564,027 | 11,504,101 | 4,810,220 |
| Debt Service: | | | | | | | | | | |
| Principal | 5,520,000 | 5,465,000 | 5,500,000 | 5,600,000 | 3,700,000 | 3,200,000 | 2,640,000 | 8,040,000 | 8,295,000 | 4,975,000 |
| Interest and Fiscal Charges | 1,658,380 | 1,533,424 | 1,391,242 | 1,206,219 | 2,400,556 | 3,673,709 | 3,247,298 | 3,226,778 | 3,172,308 | 2,936,194 |
| Other Charges | 2,305 | - | - | - | - | - | - | - | - | - |
| Total Expenditures | \$ 49,540,218 | 53,767,187 | 58,189,533 | 63,517,870 | 82,597,482 | 103,245,514 | 75,961,011 | 88,208,675 | 89,831,152 | \$ 83,567,515 |
| Excess of Revenues Over (Under) Expenditures | \$ 1,419,493 | 2,079,209 | 3,165,418 | 2,289,314 | (4,882,717) | (25,625,582) | 6,157,417 | (4,498,396) | (3,524,156) | \$ 6,933,024 |

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---|--------------|-------------|-------------|-----------|--------------|--------------|--------------|-------------|--------------|--------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers In | - | 2,744,437 | 6,999,487 | 799,189 | 10,306,576 | 7,110,233 | 10,903,369 | 7,000,271 | 11,646,620 | \$ 9,686,362 |
| Transfers Out | (99,745) | (2,700,000) | (7,117,127) | (930,189) | (10,472,176) | (7,262,733) | (11,108,369) | (7,205,361) | (11,891,710) | (9,686,362) |
| Premium on Bonds Sold | - | - | - | - | 2,359,424 | 377,363 | - | 92,644 | - | - |
| Issuance of General Obligation Bonds | - | 4,500,000 | - | - | 58,500,000 | - | - | 10,000,000 | - | - |
| Issuance of Refunding Bonds | - | - | - | - | - | 14,100,000 | - | - | - | - |
| Payment to Refunded Debt Escrow Agent | - | - | - | - | - | (14,220,052) | - | - | - | - |
| Total Other Financing Sources (Uses) | (99,745) | 4,544,437 | (117,640) | (131,000) | 60,693,824 | 104,811 | (205,000) | 9,887,554 | (245,090) | - |
| Net Change in Fund Balances | \$ 1,319,748 | 6,623,646 | 3,047,778 | 2,158,314 | 55,811,107 | (25,520,771) | 5,952,417 | 5,389,158 | (3,769,246) | \$ 6,933,024 |
| Capital Asset Expenditures | \$ 7,902,769 | 2,578,173 | 1,619,252 | 2,651,207 | 17,980,791 | 36,893,536 | 3,507,833 | 13,904,533 | 11,524,345 | \$ 4,810,221 |
| Debt Service as a Percentage of Noncapital Expenditures | 17.2% | 13.7% | 12.2% | 11.2% | 9.4% | 10.4% | 8.1% | 15.2% | 14.6% | 10.0% |

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

| Fiscal Year Ended June 30 | Assessed Real Property | | Assessed Personal Property | | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Tax Value | Assessed Value as a Percentage of Actual Value |
|------------------------------------|-------------------------|------------------------|----------------------------|----------------|------------------------------------|--------------------------------|----------------------------------|---|
| | Residential Property | Commercial Property | Motor Vehicles | Other | | | | |
| 2004 | \$ 52,299,475 | \$ 7,131,747 | \$ 17,239,638 | \$ 152,104,747 | \$ 228,775,607 | 149.50 | \$ 2,942,382,315 | 7.8% |
| 2005 | 55,351,096 | 7,547,877 | 16,445,278 | 151,349,695 | 230,693,946 | 156.00 | 3,013,553,174 | 7.7% |
| 2006 | 59,352,200 | 8,093,482 | 17,446,717 | 150,460,494 | 235,352,893 | 162.00 | 3,127,028,448 | 7.5% |
| 2007 | 79,797,671 | 10,881,501 | 17,841,579 | 150,636,693 | 259,157,444 | 157.00 | 3,460,876,268 | 7.5% |
| 2008 | 86,488,506 | 11,793,887 | 17,703,520 | 148,093,419 | 264,079,332 | 173.00 | 3,613,790,431 | 7.3% |
| 2009 | 96,180,624 | 13,115,540 | 17,276,370 | 149,163,738 | 275,736,272 | 185.00 | 4,054,380,001 | 6.8% |
| 2010 | 103,138,977 | 14,064,406 | 15,433,607 | 156,665,598 | 289,302,588 | 191.00 | 4,279,139,425 | 6.8% |
| 2011 | 105,746,631 | 14,419,995 | 15,204,452 | 160,696,536 | 296,067,614 | 196.00 | 4,421,820,551 | 6.7% |
| 2012 | 111,167,504 | 15,159,205 | 16,696,111 | 170,637,108 | 313,659,928 | 197.00 | 4,647,084,712 | 6.7% |
| 2013 | \$ 111,160,388 | \$ 15,158,235 | \$ 18,005,320 | \$ 179,986,855 | \$ 324,310,798 | 197.00 | \$ 4,758,638,850 | 6.8% |

Source: York County Government

Note: Property in the county was last reassessed for fiscal year 2012. Tax rates are per \$1,000 of assessed value. Beginning in fiscal year 2003, the state legislature decreased the vehicle tax assessment rate by .75% per year until the rate was lowered to 6% in fiscal year 2008.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

TABLE 6

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

| Fiscal Year Ended June 30 | Clover School District Two | | | Overlapping Rates ¹ | | | Total Direct and Overlapping Rates |
|------------------------------------|----------------------------|----------------------------|------------------|--------------------------------|--|---|---|
| | Operating Millage | Debt Service Millage | Total Millage | Town of Clover Millage | York County Incorporated Millage | York County Unincorporated ² Millage | |
| 2004 | 118.000 | 31.500 | 149.500 | 106.000 | 58.000 | 6.500 | 320.000 |
| 2005 | 124.000 | 32.000 | 156.000 | 85.000 | 62.200 | 6.500 | 309.700 |
| 2006 | 130.000 | 32.000 | 162.000 | 106.000 | 66.800 | 8.900 | 343.700 |
| 2007 | 129.000 | 28.000 | 157.000 | 106.000 | 62.600 | 9.400 | 335.000 |
| 2008 | 135.000 | 38.000 | 173.000 | 110.000 | 66.000 | 9.400 | 358.400 |
| 2009 | 141.000 | 44.000 | 185.000 | 110.000 | 66.000 | 9.600 | 370.600 |
| 2010 | 147.000 | 44.000 | 191.000 | 110.000 | 66.000 | 9.600 | 376.600 |
| 2011 | 152.000 | 44.000 | 196.000 | 110.000 | 66.000 | 9.600 | 381.600 |
| 2012 | 157.000 | 40.000 | 197.000 | 110.000 | 62.500 | 9.400 | 378.900 |
| 2013 | 163.000 | 34.000 | 197.000 | 118.000 | 62.500 | 9.400 | 386.900 |

Source: Clover School District Two and York County Government

Note 1: Overlapping rates are those of local and county governments that apply to property owners within the Clover School District Two. Not all overlapping rates apply to all of the Clover School District Two property owners (i.e., the rates for special districts apply only to the proportion of the Clover School District Two's property owners whose property is located within the geographic boundaries of the special district).

2: The Unincorporated tax rates for York County are levied on all property for taxpayers who do not reside within a municipality.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

TABLE 7

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND TEN YEARS AGO

UNAUDITED

| Taxpayer | 2013 | | | 2004 | | |
|---------------------------------|---------------------------------------|-------------|---|---------------------------------------|-------------|---|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| NC Municipal Power Agency #1 | \$ 70,227,260 | 1 | 21.7% | \$ 50,158,820 | 1 | 21.9% |
| NC Electric Membership Corp | 43,611,030 | 2 | 13.4% | 44,252,190 | 2 | 19.3% |
| Piedmont Municipal Power | 27,929,470 | 3 | 8.6% | 16,963,980 | 4 | 7.4% |
| Duke Energy Corporation | 25,059,682 | 4 | 7.7% | 19,027,550 | 3 | 8.3% |
| York Electric Coop Inc. | 1,865,553 | 5 | 0.6% | 1,203,583 | 6 | 0.5% |
| The Village At Lake Wylie LLC | 1,341,600 | 6 | 0.4% | 1,122,600 | 7 | 0.5% |
| Performance Friction Corp | 875,206 | 7 | 0.3% | - | | |
| Wal-Mart Real Estate Bus. Trst | 810,104 | 8 | 0.2% | - | | |
| Tuscarora Yarns Inc. | 723,420 | 9 | 0.2% | - | | |
| Lowe's Home Centers Inc. | 586,412 | 10 | 0.2% | - | | |
| Saluda River Electric Coop Inc. | - | | | 10,500,000 | 5 | 4.6% |
| Four Leaf Textiles LLC | - | | | 816,756 | 8 | 0.4% |
| Stowe Pharr Mills Inc. | - | | | 675,350 | 9 | 0.3% |
| Bowling Green Spinning | - | | | 563,500 | 10 | 0.2% |
| Totals | \$ 173,029,737 | | 53.4% | \$ 145,284,329 | | 63.5% |

Source: York County Government

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

PROPERTY TAX LEVIES AND COLLECTIONS

TABLE 8

LAST TEN FISCAL YEARS

UNAUDITED

| Fiscal Year Ended June 30 | Original Tax | | Adjustments to | | Adjusted Tax | | Collected within the Fiscal | | Collections in | | Total Collections to Date | |
|------------------------------------|-------------------------|--------------|-------------------------|---------------|-------------------------|--------------|-----------------------------|-----------------------|---------------------|--------|---------------------------|--|
| | Levy for Fiscal Year | Fiscal Year | Levy for Fiscal Year | Fiscal Year | Levy for Fiscal Year | Fiscal Year | Year of the Levy | | Subsequent Years | Amount | | |
| | | | | | | | Amount | Percentage of Levy | | Amount | Percentage of Levy | |
| 2004 | \$ 33,641,748 | \$ 4,285,217 | \$ 37,926,965 | \$ 36,171,183 | 95.4% | \$ 875,473 | \$ 37,046,656 | 97.7% | | | | |
| 2005 | 33,490,106 | 6,301,708 | 39,791,814 | 38,253,096 | 96.1% | 788,935 | 39,042,031 | 98.1% | | | | |
| 2006 | 17,947,578 | 24,104,456 | 42,052,034 | 40,438,097 | 96.2% | 850,344 | 41,288,441 | 98.2% | | | | |
| 2007 | 37,233,175 | 7,834,409 | 45,067,584 | 43,030,284 | 95.5% | 1,046,872 | 44,077,156 | 97.8% | | | | |
| 2008 | 43,752,084 | 6,099,345 | 49,851,429 | 49,127,516 | 98.5% | 644,150 | 49,771,666 | 99.8% | | | | |
| 2009 | 47,059,168 | 6,794,463 | 53,853,631 | 52,674,392 | 97.8% | 845,091 | 53,519,483 | 99.4% | | | | |
| 2010 | 54,901,985 | 2,290,276 | 57,192,261 | 56,057,146 | 98.0% | 925,569 | 56,982,715 | 99.6% | | | | |
| 2011 | 57,241,286 | 2,691,387 | 59,932,673 | 58,046,838 | 96.9% | 1,194,454 | 59,241,292 | 98.8% | | | | |
| 2012 | 61,101,952 | 1,665,057 | 62,767,009 | 60,830,035 | 96.9% | 1,990,392 | 62,820,427 | 100.1% | | | | |
| 2013 | \$ 60,253,377 | \$ 4,392,840 | \$ 64,646,217 | \$ 63,504,734 | 98.2% | \$ 1,623,467 | \$ 65,128,201 | 100.7% | | | | |

Source: York County Government

Note: Due to collections of prior year delinquents, fiscal year 2012 and 2013 had total property tax collections as a percentage of the annual levy exceed 100 percent.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

TABLE 9

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

| Fiscal Year Ended June 30 | Governmental Activities | | Total Primary Government | Percentage of Personal Income | Per Capita |
|--|---|---------------------------|---|--|-----------------------|
| | General Obligation Bonds | Capital Leases | | | |
| 2004 | \$ 32,465,000 | - | \$ 32,465,000 | 0.6% | \$ 177 |
| 2005 | 31,500,000 | - | 31,500,000 | 0.6% | 166 |
| 2006 | 26,000,000 | - | 26,000,000 | 0.4% | 131 |
| 2007 | 20,400,000 | - | 20,400,000 | 0.3% | 98 |
| 2008 | 75,200,000 | - | 75,200,000 | 1.0% | 346 |
| 2009 | 72,400,000 | - | 72,400,000 | 1.0% | 319 |
| 2010 | 69,760,000 | - | 69,760,000 | 0.9% | 309 |
| 2011 | 71,720,000 | - | 71,720,000 | 0.9% | \$ 311 |
| 2012 | 63,425,000 | - | 63,425,000 | N/A | N/A |
| 2013 | \$ 58,450,000 | - | \$ 58,450,000 | N/A | N/A |

Note: Details regarding the Clover School District Two's outstanding debt can be found in the notes to the financial statements. See the Schedule of Demographic and Economic Statistics for personal income and population data.

Premium on bonds not included in these figures.

N/A = Not Available

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

TABLE 10

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

| Fiscal Year Ended June 30 | General Obligation Bonds | Less: Amounts Available in Debt Service Funds | Total | Percentage of Estimated Actual Taxable Value of Property | Per Capita |
|--|---|--|---------------|---|-----------------------|
| 2004 | \$ 32,465,000 | 1,823,558 | \$ 30,641,442 | 1.0% | \$ 167 |
| 2005 | 31,500,000 | 2,297,189 | 29,202,811 | 1.0% | 154 |
| 2006 | 26,000,000 | 3,074,159 | 22,925,841 | 0.7% | 115 |
| 2007 | 20,400,000 | 3,714,726 | 16,685,274 | 0.5% | 80 |
| 2008 | 75,200,000 | 5,963,067 | 69,236,933 | 1.9% | 318 |
| 2009 | 72,400,000 | 9,290,287 | 63,109,713 | 1.6% | 278 |
| 2010 | 69,760,000 | 11,060,374 | 58,699,626 | 1.4% | 260 |
| 2011 | 71,720,000 | 12,769,915 | 58,950,085 | 1.3% | \$ 256 |
| 2012 | 63,425,000 | 8,858,060 | 54,566,940 | 1.2% | N/A |
| 2013 | \$ 58,450,000 | 12,082,477 | \$ 46,367,523 | 1.0% | N/A |

Note: Details regarding the Clover School District Two's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

See the Schedule of Demographic and Economic Statistics for population data.

Premium on bonds not included in these figures.

N/A = Not Available

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

Table 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2013

UNAUDITED

| Governmental Unit | Governmental Activities Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|--|---|--|--|
| Debt Repaid with Property Taxes: | | | |
| Town of Clover | \$ 467,779 | 100.0% | \$ 467,779 |
| York County Government | \$ 59,827,161 | 28.2% | 16,879,326 |
| Subtotal, Overlapping Debt | | | 17,347,105 |
| Clover School District Two Direct Debt | | | 58,450,000 |
| Total Direct and Overlapping Debt | | | <u>\$ 75,797,105</u> |

Sources: Assessed value data used to estimate applicable percentages and amount of debt outstanding provided by the applicable County and City.

Note 1: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Clover School District Two's taxable assessed value that is within the government's boundaries and dividing it by York County's total taxable assessed value.

2: Overlapping rates are those of local and county governments that apply to property owners within Clover School District Two. Not all overlapping rates apply to all of the Clover School District Two's property owners (i.e., the rates for special districts apply only to the proportion of the Clover School District Two's property owners whose property is located within the geographic boundaries of the special district).

3: Premium on bonds not included in these figures.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

TABLE 12

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

| | Fiscal Year | | | | | | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Debt Limit | \$ 18,302,049 | 18,455,516 | 18,828,231 | 20,732,596 | 21,126,347 | 22,058,902 | 23,144,207 | 23,685,409 | 25,092,794 | \$ 25,944,864 |
| Total Net Debt Applicable to Debt Limit | 7,565,000 | 8,500,000 | 5,000,000 | 1,500,000 | - | - | - | 5,000,000 | - | - |
| Legal Debt Margin | \$ 10,737,049 | 9,955,516 | 13,828,231 | 19,232,596 | 21,126,347 | 22,058,902 | 23,144,207 | 18,685,409 | 25,092,794 | \$ 25,944,864 |
| Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit | 41.3% | 46.1% | 26.6% | 7.2% | 0.0% | 0.0% | 0.0% | 21.1% | 0.0% | 0.0% |

Legal Debt Margin Calculation for Fiscal Year

| | |
|---|----------------|
| Total Assessed Value | \$ 324,310,798 |
| Debt Limit (8% of Total Assessed Value) | 25,944,864 |
| Amount of Debt Applicable to Debt Limit: Total Bonded Debt | 58,450,000 |
| Less: Debt Issued Through Referendum | (58,450,000) |
| Total Amount of Debt Applicable to Debt Limit | - |
| Legal Debt Margin | \$ 25,944,864 |

Note: Article Eight (8), Section Seven (7) of the South Carolina Constitution of 1895, as amended, provides that no government shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein without voter approval.

Assessed value obtained from York County Auditor's Office.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

TABLE 13

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

| Fiscal Year Ended June 30 | (1) Population | (2) Personal Income* | (2) Per Capita Personal Income | (3) ** School Enrollment | (4) Unemployment Rate |
|--|---------------------------|-------------------------------------|---|---|--------------------------------------|
| 2004 | 183,762 | \$ 5,272,850 | \$ 28,714 | 5,010 | 8.0% |
| 2005 | 190,097 | 5,685,147 | 29,904 | 5,114 | 7.8% |
| 2006 | 199,035 | 6,281,780 | 31,657 | 5,360 | 7.1% |
| 2007 | 208,827 | 6,804,919 | 32,627 | 5,654 | 5.7% |
| 2008 | 217,448 | 7,305,787 | 33,203 | 6,033 | 6.1% |
| 2009 | 227,003 | 7,559,634 | 33,302 | 6,203 | 15.2% |
| 2010 | 226,073 | 7,468,372 | 32,906 | 4,979 | 15.8% |
| 2011 | 230,528 | \$ 7,850,232 | \$ 34,053 | 6,284 | 13.0% |
| 2012 | 234,635 | N/A | N/A | 6,366 | 10.8% |
| 2013 | N/A | N/A | N/A | 6,487 | 8.2% |

Data Sources:

- (1) South Carolina Division of Research and Statistics. This number represents the County population.
- (2) U.S. Department of Commerce, Bureau of the Census.
These numbers represent the County personal income and per capita income.
- (3) Clover School District Two
- (4) South Carolina Employment Security Commission.
This number represents the County unemployment rate.
- * In Thousands.
- ** This is the 135 day ADM and does not include 240 pre-K students.
- N/A Not Available.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

TABLE 14

PRINCIPAL EMPLOYERS

CURRENT YEAR AND SEVEN YEARS AGO

UNAUDITED

| Employer | 2013 | | | 2006 | | |
|------------------------------------|--------------------------------|-------------|--|--------------------------------|-------------|--|
| | Number of Employees | Rank | Percentage of Total County Employment | Number of Employees | Rank | Percentage of Total County Employment |
| Wells Fargo Home Mortgage | 2,335 | 1 | 2.27% | 1,500 | 2 | 1.46% |
| Rock Hill School District | 2,230 | 2 | 2.17% | 2,065 | 1 | 2.01% |
| Ross Distribution | 1,790 | 3 | 1.74% | 852 | 5 | 0.83% |
| Piedmont Medical Center | 1,532 | 4 | 1.49% | - | | |
| Fort Mill School District | 1,349 | 5 | 1.31% | 804 | 6 | 0.78% |
| Winthrop University | 1,308 | 6 | 1.27% | - | | |
| Duke Power Catawba Nuclear Station | 1,228 | 7 | 1.19% | 1,071 | 3 | 1.04% |
| Clover School District | 1,021 | 8 | 0.99% | 794 | 10 | 0.77% |
| York County Government | 983 | 9 | 0.96% | 798 | 9 | 0.78% |
| Comporium Communications | 953 | 10 | 0.93% | - | | |
| Abitibi Bowater, Inc. | - | | | 1,039 | 4 | 1.01% |
| Stacy's | - | | | 800 | 7 | 0.78% |
| U. S. Foodservice | - | | | 800 | 8 | 0.78% |
| Totals | 14,729 | | 14.32% | 10,523 | | 10.23% |

Source: York County Government and South Carolina Virtual Onestop.

Note: These figures represent Top County Employers. Figures are not available for Clover School District No. 2. Information for the 2004 year is not readily available. The last information available is for the 2006 year.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 15

FULL-TIME EQUIVALENT YORK SCHOOL DISTRICT ONE EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

| Function | Fiscal Year | | | | | | | | | |
|-------------------------|-------------|------|------|------|------|------|------|------|------|------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Teachers | 371 | 387 | 392 | 410 | 423 | 440 | 454 | 457 | 463 | 477 |
| Librarians | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 11 | 11 | 11 |
| Guidance | 14 | 15 | 15 | 16 | 16 | 16 | 17 | 17 | 18 | 19 |
| Other | 119 | 121 | 133 | 134 | 141 | 137 | 150 | 143 | 152 | 143 |
| Support Services | | | | | | | | | | |
| Principals | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Assistant Principals | 12 | 13 | 14 | 14 | 14 | 15 | 16 | 16 | 16 | 16 |
| Administration | 17 | 17 | 19 | 20 | 21 | 19 | 21 | 23 | 22 | 24 |
| Other | 200 | 201 | 207 | 216 | 223 | 235 | 250 | 259 | 256 | 253 |
| Total | 751 | 772 | 798 | 829 | 857 | 881 | 927 | 935 | 947 | 952 |

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

TABLE 16

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

| Fiscal Year Ended June 30 | Pupil Enrollment | Modified Accrual Basis of Accounting | | | Accrual Basis of Accounting | | | Teaching Staff | Pupil/ Teacher Ratio | Percentage of Students Receiving Free or Reduced Meals ³ |
|------------------------------------|---------------------|--|-------------------|----------------------|-----------------------------|-------------------|----------------------|-------------------|----------------------------|--|
| | | Operating Expenditures ¹ | Cost per Pupil | Percentage Change | Expenses ² | Cost per Pupil | Percentage Change | | | |
| 2004 | 5,010 | \$ 40,809,334 | \$ 8,146 | 28.6% | \$42,587,970 | \$ 8,501 | N/A | 371 | 14 | N/A |
| 2005 | 5,114 | 43,318,352 | 8,471 | 4.0% | 45,671,845 | 8,931 | 5.1% | 387 | 13 | 31.6% |
| 2006 | 5,360 | 50,948,312 | 9,505 | 12.2% | 51,287,890 | 9,569 | 7.1% | 392 | 14 | 31.3% |
| 2007 | 5,654 | 54,848,557 | 9,701 | 2.1% | 55,687,699 | 9,849 | 2.9% | 410 | 14 | 29.6% |
| 2008 | 6,033 | 75,993,545 | 12,596 | 29.8% | 60,236,812 | 9,985 | 1.4% | 423 | 14 | 28.5% |
| 2009 | 6,203 | 60,186,873 | 9,703 | -23.0% | 61,309,940 | 9,884 | -1.0% | 440 | 14 | 30.8% |
| 2010 | 4,979 | 66,479,463 | 13,352 | 37.6% | 69,658,464 | 13,990 | 41.5% | 454 | 11 | 32.5% |
| 2011 | 6,284 | 63,377,870 | 10,086 | -24.5% | 66,293,196 | 10,550 | -24.6% | 457 | 14 | 35.2% |
| 2012 | 6,366 | 66,859,743 | 10,503 | 4.1% | 70,371,466 | 11,054 | 4.8% | 463 | 14 | 34.1% |
| 2013 | 6,487 | \$ 70,846,101 | \$ 10,921 | 4.0% | \$74,360,326 | \$ 11,463 | 3.7% | 477 | 14 | 34.1% |

Sources: Clover School District Two

Note 1: Operating expenditures are total expenditures in the governmental funds less debt service and capital outlay.

Note 2: Expenses are total expenses of the District's governmental activities less interest and other charges.

Note 3: The percentage of students receiving free or reduced meals is not available for fiscal year ended June 30, 2004.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

TABLE 17

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year

| School | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010¹ | 2011 | 2012 | 2013 |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------------|-------------|-------------|-------------|
| <u>Elementary</u> | | | | | | | | | | |
| Bethany Elementary | | | | | | | | | | |
| Square Feet | 59,688 | 59,688 | 59,688 | 59,688 | 59,688 | 59,688 | 59,688 | 59,688 | 59,688 | 59,688 |
| Capacity | 440 | 440 | 440 | 440 | 440 | 440 | 440 | 440 | 440 | 440 |
| Enrollment | 291 | 277 | 264 | 251 | 290 | 276 | 265 | 263 | 264 | 373 |
| Kinard Elementary | | | | | | | | | | |
| Square Feet | 70,820 | 70,820 | 70,820 | 70,820 | 70,820 | 70,820 | 70,820 | 70,820 | 70,820 | 70,820 |
| Capacity | 544 | 544 | 544 | 544 | 544 | 544 | 544 | 544 | 544 | 544 |
| Enrollment | 350 | 336 | 355 | 370 | 389 | 392 | 329 | 312 | 328 | 298 |
| Griggs Road Elementary | | | | | | | | | | |
| Square Feet | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |
| Capacity | 682 | 682 | 682 | 682 | 682 | 682 | 682 | 682 | 682 | 682 |
| Enrollment | 345 | 354 | 395 | 449 | 490 | 496 | 533 | 509 | 484 | 453 |
| Bethel Elementary | | | | | | | | | | |
| Square Feet | 63,765 | 63,765 | 63,765 | 63,765 | 63,765 | 63,765 | 63,765 | 63,765 | 63,765 | 63,765 |
| Capacity | 490 | 490 | 490 | 490 | 490 | 490 | 490 | 490 | 490 | 490 |
| Enrollment | 356 | 371 | 402 | 435 | 476 | 495 | 358 | 359 | 352 | 339 |
| Crowders Creek Elementary | | | | | | | | | | |
| Square Feet | 151,524 | 151,524 | 151,524 | 151,524 | 151,524 | 151,524 | 151,524 | 151,524 | 151,524 | 151,524 |
| Capacity | 1,307 | 1,307 | 1,307 | 1,307 | 1,307 | 1,307 | 1,307 | 1,307 | 1,307 | 1,307 |
| Enrollment | 856 | 903 | 937 | 1,050 | 1,166 | 1,253 | 922 | 941 | 972 | 1,002 |
| Larne Elementary | | | | | | | | | | |
| Square Feet | | | | | | | 121,000 | 121,000 | 121,000 | 121,000 |
| Capacity | | | | | | | 750 | 750 | 750 | 750 |
| Enrollment | | | | | | | 517 | 529 | 527 | 477 |

(Continued)

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

TABLE 17

LAST TEN FISCAL YEARS

UNAUDITED

| School | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 ¹ | 2011 | 2012 | 2013 |
|---------------------------------|---------|---------|---------|---------|---------|---------|-------------------|---------|---------|---------|
| <u>Middle School</u> | | | | | | | | | | |
| Clover Middle | | | | | | | | | | |
| Square Feet | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 142,550 | 142,550 | 142,550 | 142,550 |
| Capacity | 885 | 885 | 885 | 885 | 885 | 885 | 1,094 | 1,094 | 1,094 | 1,094 |
| Enrollment | 494 | 426 | 438 | 468 | 458 | 456 | 692 | 667 | 679 | 655 |
| Oakridge Middle | | | | | | | | | | |
| Square Feet | | | | | | | 180,000 | 180,000 | 180,000 | 180,000 |
| Capacity | | | | | | | 1,000 | 1,000 | 1,000 | 1,000 |
| Enrollment | | | | | | | 788 | 839 | 869 | 918 |
| <u>Junior High</u> | | | | | | | | | | |
| Clover Junior High | | | | | | | | | | |
| Square Feet | 142,550 | 142,550 | 142,550 | 142,550 | 142,550 | 142,550 | | | | |
| Capacity | 1,094 | 1,094 | 1,094 | 1,094 | 1,094 | 1,094 | | | | |
| Enrollment | 867 | 927 | 941 | 896 | 944 | 1,020 | | | | |
| <u>High</u> | | | | | | | | | | |
| Clover High & Technology Center | | | | | | | | | | |
| Square Feet | 307,037 | 307,037 | 307,037 | 307,037 | 307,037 | 307,037 | 307,037 | 307,037 | 359,537 | 359,537 |
| Capacity | 2,034 | 2,034 | 2,034 | 2,034 | 2,034 | 2,034 | 2,034 | 2,034 | 2,400 | 2,400 |
| Enrollment | 1,451 | 1,520 | 1,628 | 1,735 | 1,820 | 1,815 | 1,880 | 1,865 | 1,891 | 1,972 |

Sources: Clover School District Two

Note 1: Beginning in the 2009-2010 school year, two new schools were opened and the grade structure was realigned. The School District currently uses the format of K-5; 6-8, & 9-12.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

| LEA Subfund Code | Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass Through Grantor's Number | Federal Expenditures |
|---|---|------------------------------------|--|---------------------------------|
| US DEPARTMENT OF AGRICULTURE | | | | |
| 600 | National School Breakfast Program | 10.553 | N/A | \$ 183,673 |
| 600 | National School Lunch Program - Cash Assistance | 10.555 | N/A | 1,018,975 |
| 600 | National School Lunch Program - Non-Cash Assistance | 10.555 | N/A | 165,567 |
| TOTAL US DEPARTMENT OF AGRICULTURE | | | | 1,368,215 |
| US DEPARTMENT OF EDUCATION | | | | |
| Pass-through State Department of Education: | | | | |
| 201 | Title I | 84.010 | 13-BA090 | 789,252 |
| 201 | Title I - Distinguished School | 84.010 | 13-BD-090 | 7,361 |
| Total 84.010 | | | | 796,613 |
| Individuals with Disabilities Education Act | | | | |
| 203 | Special Education - Grants to States | 84.027 | 12-CA090 | 319,228 |
| 204 | Special Education - Grants to States | 84.027 | 13-CA090 | 772,121 |
| 205 | Special Education - Preschool Grants | 84.173 | 12-CG090 | 45,866 |
| 205 | Special Education - Preschool Grants | 84.173 | 13-CG090 | 170 |
| Total 84.027, 84.173, & 84.391A | | | | 1,137,385 |
| 207 | Occupational Education - Machatronics | 84.048A | 13-VA090 | 99,043 |
| 243 | Adult Education - Basic | 84.002 | 13-EA090 | 117,977 |
| 243 | Adult Education English Literacy/Civics Grant | 84.002 | 13-ED-090 | 3,405 |
| 264 | ESOL - Title III | 84.365 | 12-BP090 | 20,758 |
| 264 | ESOL - Title III | 84.365 | 13-BP090 | 4,538 |
| 267 | Improving Teacher Quality | 84.367 | 12-TQ090 | 60,432 |
| 267 | Improving Teacher Quality | 84.367 | 13-TQ090 | 37,517 |
| TOTAL US DEPARTMENT OF EDUCATION | | | | 2,277,668 |
| US DEPARTMENT OF DEFENSE | | | | |
| Direct Programs: | | | | |
| 277 | JROTC | 12.000 | N/A | 73,568 |
| TOTAL FEDERAL ASSISTANCE EXPENDED | | | | \$ 3,719,451 |

See accompanying notes to the schedule of expenditures of federal awards.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

A – General

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of Clover School District No. 2, South Carolina (the “School District”) for the year ended June 30, 2013. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the School District’s financial statements.

C – Relationship to Financial Statements

Federal award expenditures are reported in the School District’s financial statements as expenditures in the Special Revenue Fund and in the Special Revenue – Food Service Fund.

D – Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Clover School District No. 2
Clover, South Carolina

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 Clover School District No. 2, South Carolina (the "School District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 15, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 15, 2013

(This page intentionally left blank.)

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Clover School District No. 2
Clover, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Clover School District No. 2, South Carolina's (the "School District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2013. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

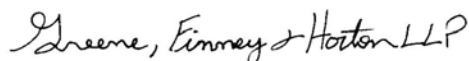
Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 15, 2013

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2013

There were no OMB Circular A-133 audit findings in the prior year.

**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

| | | |
|---|-----------------------|--------------------------------|
| Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| Significant deficiency(s) identified that are not considered to be material weaknesses? | <u> </u> Yes | <u> X </u> None Reported |
| Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No |

Federal Awards

Internal control over major programs:

| | | |
|---|-----------------------|--------------------------------|
| Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| Significant deficiency(s) identified that are not considered to be material weaknesses? | <u> </u> Yes | <u> X </u> None Reported |

Type of auditors' report issued on compliance for major programs: Unmodified

| | | |
|--|-----------------------|---------------------|
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | <u> </u> Yes | <u> X </u> No |
|--|-----------------------|---------------------|

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 10.553, 10.555 | National School Breakfast and Lunch Program |
| 84.010 | Title I |

| | |
|--|--|
| Dollar threshold used to distinguish between type A and type B programs: | <u> \$300,000 </u> |
|--|--|

| | | |
|--|----------------------|----------------------|
| Auditee qualified as low-risk auditee? | <u> X </u> Yes | <u> </u> No |
|--|----------------------|----------------------|

Section II - Findings - Current Year Financial Statements Audit

NONE

Section III - Findings and Questioned Costs - Major Federal Awards Programs Audit

NONE