



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, 2014

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

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, 2014

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	17
--------------------------------------	----

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position	26
Statement of Activities	27

Fund Financial Statements

Balance Sheet - Governmental Funds	28
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	30
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	32
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	34
Statement of Assets and Liabilities - Fiduciary Fund	35

<i>Notes to the Financial Statements</i>	36
--	----

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budgets and Actual	Schedule A-1	57
--	--------------	----

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	58
---	--------------	----

(Continued)

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

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2014

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	66
--	--------------	----

Supplemental Listing of LEA Subfund Codes and Titles	Schedule B-2	78
--	--------------	----

Summary Schedule for Other Designated Restricted State Grants	Schedule B-3	79
---	--------------	----

Special Revenue - Education Improvement Act

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs	Schedule B-4	80
---	--------------	----

Summary Schedule by Program	Schedule B-5	84
-----------------------------	--------------	----

Other Schedules

Detailed Schedule of Due to State Department of Education/ Federal Government	Schedule B-6	85
--	--------------	----

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance	Schedule C-1	89
---	--------------	----

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance	Schedule D-1	93
---	--------------	----

Food Service Fund

Schedule of Revenues, Expenses, and Changes in Fund Balance	Schedule E-1	97
---	--------------	----

Fiduciary Fund - Agency Fund - Pupil Activity Fund

Schedule of Receipts, Disbursements, and Changes in Due to Student Organizations	Schedule F-1	101
--	--------------	-----

Schedule of Changes in Assets and Liabilities in Due To Student Organizatons	Schedule F-2	102
--	--------------	-----

Supplemental Schedule

Location Reconciliation Schedule		103
----------------------------------	--	-----

STATISTICAL SECTION (UNAUDITED)

Financial Trends Information

Net Position by Component - Last Ten Fiscal Years - Accrual Basis of Accounting	Table 1	107
---	---------	-----

Changes in Net Position - Last Ten Fiscal Years - Accrual Basis of Accounting	Table 2	108
---	---------	-----

Fund Balances of Governmental Funds - Last Ten Fiscal Years - Modified Accrual Basis of Accounting	Table 3	110
---	---------	-----

(Continued)

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

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2014

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	111
--	---------	-----

Revenue Capacity Information

Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	Table 5	113
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	Table 6	114
Principal Property Taxpayers - Current and Nine Years Ago	Table 7	115
Property Tax Levies and Collections - Last Ten Fiscal Years	Table 8	116

Debt Capacity Information

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	Table 9	117
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	Table 10	118
Direct and Overlapping Governmental Activities Debt	Table 11	119
Legal Debt Margin Information - Last Ten Fiscal Years	Table 12	120

Demographic and Economic Information

Demographic and Economic Statistics - Last Ten Fiscal Years	Table 13	121
Principal Employers - Current Year and Eight Years Ago	Table 14	122

Schedule of Operating Information

Full-Time Equivalent Clover School District No. 2 Employees by Function - Last Ten Fiscal Years	Table 15	123
Operating Indicators by Function - Last Ten Fiscal Years	Table 16	124
Capital Asset Statistics by Function - Last Ten Fiscal Years	Table 17	125

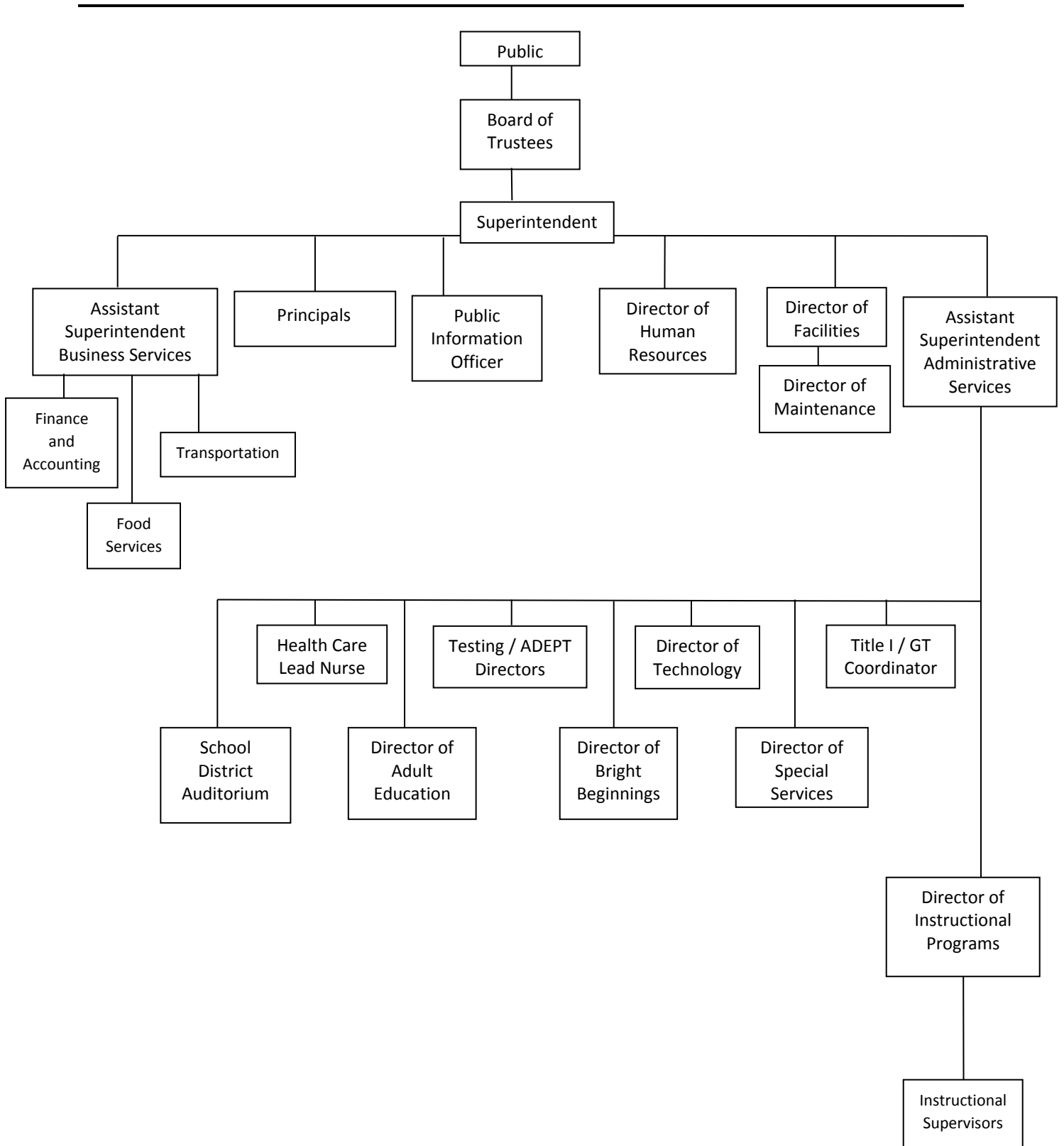
COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	127
Notes to the Schedule of Expenditures of Federal Awards	128
Independent Auditor's Report - 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>	129
Independent Auditor's Report - Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance as Required by OMB A-133	131
Summary Schedule of Prior Audit Findings	133
Schedule of Findings and Questioned Costs	134

(This page intentionally left blank.)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

ORGANIZATION CHART



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

PRINCIPAL OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2014

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

Mack McCarter, Chairman
Melanie Wilson, Vice-Chairman
Sherri Ciurlik
Joe Gordon
Elizabeth Johnson
Franklin Pendleton
Rob Wallace

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 Teacher Quality	Millicent Dickey
Director of Testing	Mellanie Wall
Director of Technology	Matt Hoffman
Director of Transportation	Tony Mogavero
Public Information Officer	Mychal Frost



November 13, 2014

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, 2014. 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, 2014 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, 2014 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 auditor.

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 6,872 students in grades pre-K through 12th and projects enrollment to increase to 7,050 students for 2014-2015 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 \$35,649 in 2012. The County's unemployment rate was 5.9% at June 30, 2014, which is lower than the rate at June 30, 2013 of 8.2%. 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 2013-2014 fiscal year on closing the achievement gap and improving test scores. The following are initiatives implemented within the 2013-2014 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.
- 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:

- An addition of administrative space and classroom renovation was completed at Crowders Creek Elementary School.
- Additions of covered walkways at several schools were completed.
- A new transportation facility was completed.
- A bond referendum was passed in March of 2014 to provide funds for two new schools, renovations and improvements at one school, and several athletic facilities.

District-Wide Accomplishments for FY 2013-2014 were as follows:

- The School District received an “Excellent” rating for both performance and growth on the 2014 SC Annual School District Report Card, which rated the district as one of the highest performing districts 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 has 113 teachers who have achieved the National Board Certification.
- 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.
- The School District invested in a one-to-one technology initiative for first through twelfth grade 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 \$18,000,560. 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 2017. 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, 2013 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, 2013

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, 2013*

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



Terrie S. Simmons, RSBA, CSBO
President

John D. Musso, CAE, RSBA
Executive Director



Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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, 2014, 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, 2014, 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.

WWW.GFHLLP.COM • INFO@GFHLLP.COM

864.232.5204 PH • 864.232.5532 FAX • 211 EAST BUTLER ROAD, SUITE C-6 • MAULDIN, SC 29662

843.735.5805 PH • 1985 RIVIERA DRIVE, SUITE 103-203 • MT. PLEASANT, SC 29464

864.451.7381 PH • 800 EAST WASHINGTON STREET, SUITE D • GREENVILLE, SC 29601

Pending Implementation of Governmental Accounting Standards Board Statement on Pensions

As discussed in Note IV.J, the Governmental Accounting Standards Board issued Statement No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68") in 2012. GASB 68, which will be adopted by the School District for the fiscal year ended June 30, 2015, will require the School District to report a net pension liability on its applicable financial statements for its participation in the South Carolina Retirement System. Based on recent information provided by the South Carolina Public Employee Benefit Authority, it is anticipated that the School District's share of the net pension liability associated with this plan will decrease the School District's beginning net position by approximately \$80,277,000. Our opinion is not modified with respect to this matter.

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 and Other 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 introductory section, supplementary information, statistical section, and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, all of which can be located in the table of contents, 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 13, 2014 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.

A handwritten signature in cursive script that reads "Greene, Finney & Horton LLP".

Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 13, 2014

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

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, 2014. 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 2014 are as follows:

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by approximately \$145.6 million. Of this amount, approximately \$56.7 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 \$6.8 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 \$69.9 million, a decrease of approximately \$73 thousand from the prior year. Approximately \$18.0 million (26% of the total fund balance amount) is unassigned and 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 \$18.0 million, which was approximately 28% of total current year General Fund expenditures.
- The School District's total capital assets increased by approximately \$3.4 million (approximately 3%) during the current fiscal year. Key factors in this increase were capital asset additions of approximately \$7.0 million, partially offset by depreciation expense of approximately \$3.6 million.
- The School District's total debt (including premium) decreased by approximately \$3.1 million (5%) during the fiscal year due to scheduled principal payments of \$3.0 million and amortization of the premium of approximately \$0.1 million.
- During the 2014 fiscal year, the School District's governmental funds' revenues were approximately \$90.1 million compared to approximately \$90.5 million in the prior year. This decrease of approximately 0.4% was primarily due to lower revenues from federal sources, partially offset by increases in local taxes and State revenues.
- The School District had approximately \$90.1 million in governmental funds' expenditures, compared to approximately \$83.6 million in the prior year. This increase was primarily due to increases in instruction and support services for the General Fund, combined with increase in construction related activities in the Capital Projects Fund.
- The School District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65") in the year ended June 30, 2014. GASB 65 establishes accounting and financial reporting standards that require reclassification of certain items that, in prior years, were properly reported as assets and liabilities. GASB 65 supplements and extends the reach of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which was adopted by the School District in 2013. The School District's deferred revenue liability (for unavailable property taxes) in its governmental funds balance sheet was affected by the implementation of GASB 65, as deferred items that are not available are no longer shown as a liability but are now reclassified and shown as a component of deferred inflows of resources. Also under GASB 65, all bond issuance costs, excluding those related to prepaid insurance costs, are to be expensed in the period incurred rather than capitalized.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

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 report 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, 2014

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 Balance Sheet Information	All balance sheet types, both financial and capital, and short-term and long-term	All balance sheet types that come due during the year or soon, thereafter; no capital assets or long-term obligations are included	All balance sheet types, both short-term and long-term
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, 2014

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 \$145.6 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, 2014 compared to June 30, 2013:

Net Position - Governmental Activities

	2014	2013
Assets		
Current and Other Assets	\$ 82,848,465	\$ 80,598,157
Capital Assets, Net	131,301,166	127,907,680
Total Assets	<u>214,149,631</u>	<u>208,505,837</u>
Liabilities		
Other Liabilities	11,482,794	9,563,261
Long-Term Liabilities	57,062,950	60,143,946
Total Liabilities	<u>68,545,744</u>	<u>69,707,207</u>
Net Position		
Net Investment in Capital Assets	74,238,216	67,763,734
Restricted	14,675,060	12,332,909
Unrestricted	56,690,611	58,701,987
Total Net Position	<u>\$ 145,603,887</u>	<u>\$ 138,798,630</u>

The School District's current and other assets at June 30, 2014 increased by approximately \$2.3 million from the prior year, primarily due to operating revenues exceeding expenses. The School District's capital assets at June 30, 2014 increased by approximately \$3.4 million from the prior year. The increase was primarily due to improvements at Crowder's Creek, the bus and maintenance facility, and other additions, partially offset by depreciation expense of approximately \$3.6 million. Total liabilities at June 30, 2014 decreased by approximately \$1.1 million from the prior year. This decrease was primarily due to the scheduled principal payments on long-term debt and amortization of the premium, partially offset by increases in accounts payable.

The School District's net position increased by approximately \$6.8 million during 2014, which is the result of current year revenues exceeding current year expenses. See discussion following the next table regarding this increase.

Assets exceeded liabilities (net position) by approximately \$145.6 million at the close of the most recent fiscal year. By far the largest portion of the School District's net position (approximately \$74.2 million or 51%) reflects its investment in net capital assets (i.e., land, buildings, furniture and equipment, etc.) less any related outstanding debt 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, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the School District's net position of approximately \$14.7 million (10%) represents resources that are subject to external restrictions on how they may be used. This net position is restricted for debt service payments and special revenue programs (which are restricted by the revenue source). The remaining balance is unrestricted net position of approximately \$56.7 million (39%), 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 2014 compared to 2013.

Change in Net Position - Governmental Activities		
Revenues	2014	2013
Program Revenues:		
Charges for Services	\$ 2,546,110	\$ 2,750,861
Operating Grants	23,328,491	23,218,325
General Revenue:		
Taxes	64,219,035	63,781,179
Other	317,095	257,435
Total Revenues	<u>90,410,731</u>	<u>90,007,800</u>
Program Expenses		
Instruction	45,869,619	42,448,199
Support Services	35,040,645	31,783,805
Intergovernmental	104,428	128,322
Interest and Fiscal Charges	2,590,782	2,757,448
Total Program Expenses	<u>83,605,474</u>	<u>77,117,774</u>
Change in Net Position	6,805,257	12,890,026
Net Position, Beginning of Year	<u>138,798,630</u>	<u>125,908,604</u>
Net Position, End of Year	<u>\$ 145,603,887</u>	<u>\$ 138,798,630</u>

Governmental Activities. The School District's net position for Governmental Activities increased by approximately \$6.8 million or 5% from 2013 to 2014. Key elements that impacted the change in net position for 2014 are as follows:

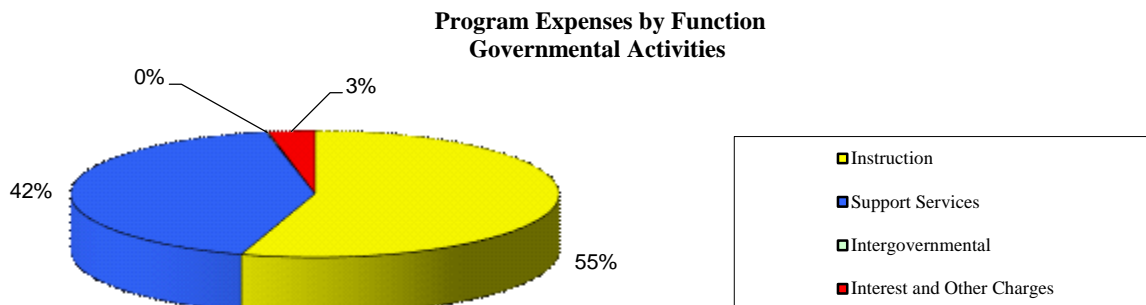
- Operating revenues of the School District continuing to exceed the operating expenses (as expenditures for capital assets, construction projects and bond payments are not considered expenses in the government-wide statements, partially offset by depreciation).
- The School District's desire to build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

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

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, 2014, the School District's governmental funds reported a combined fund balance of approximately \$69.9 million, which was basically unchanged from the prior year, as increases in the General Fund (approximately \$0.7 million) and Debt Service Fund (approximately \$2.4 million) were offset by decreases in the Capital Projects Fund (approximately \$3.0 million) and Special Revenue Funds (approximately \$0.1 million). 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, 2014, the School District's unassigned fund balance for all governmental funds was approximately \$18.0 million, consisting entirely of the General Fund. The remaining approximately \$51.9 million is primarily restricted or assigned for 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 \$18.0 million (which was also the total fund balance). The fund balance for the School District's General Fund increased by approximately \$0.7 million (4%) during fiscal year 2014. The School District has a goal of 25% of its subsequent year's operation budget as its unassigned 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 compared to the prior year.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

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. This fund is used to account for principal and interest payments on School District indebtedness. The fund balance for the Debt Service Fund increased by approximately \$2.4 million from the prior year's balance, primarily due to property tax collections exceeding debt payments. The fund balance was approximately \$14.5 million at June 30, 2014, which is restricted 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 decreased by approximately \$3.0 million in 2014 to approximately \$36.4 million at June 30, 2014. The decrease was primarily due to construction related expenditures of approximately \$10.0 million offset by transfers of \$6.9 million from the General Fund and investment earnings and other local revenues of approximately \$0.1 million.

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 2014 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 2014, the School District's investment in capital assets was approximately \$131.3 million, net of accumulated depreciation. The total increase in the School District's investment in net capital assets was approximately \$3.4 million, or 3%.

The following table shows the capital asset balances as of June 30, 2014 compared to June 30, 2013:

Capital Assets - Governmental Activities

	2014	2013
Land	\$ 13,897,688	\$ 13,831,793
Construction in Progress	2,778,858	8,816,404
Building and Improvements	148,363,109	135,399,938
Machinery and Equipment	5,671,536	5,658,275
Less: Accumulated Depreciation	(39,410,025)	(35,798,730)
Totals	<u>\$ 131,301,166</u>	<u>\$ 127,907,680</u>

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Major capital asset events during the current fiscal year included:

- Improvements at Crowder's Creek Elementary School, design costs for new middle and elementary schools, and the bus and maintenance facility totaling approximately \$6.4 million.
- Various other additions of approximately \$0.6 million.
- Depreciation expense of approximately \$3.6 million.

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

Debt Administration

As shown in the table below, the School District had outstanding debt of approximately \$57.1 million and \$60.1 million as of June 30, 2014 and 2013, respectively. During 2014, the School District made scheduled principal payments on debt of approximately \$3.0 million, and recognized 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.

Outstanding Debt, at Year End

Long-Term Debt	2014	2013
2007-A GO Bonds*	\$ 55,490,000	\$ 58,450,000
Premium - 2007-A GO Bonds	1,572,950	1,693,946
	<u>\$ 57,062,950</u>	<u>\$ 60,143,946</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, 2014 was approximately \$26.7 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 is being 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 Note III.G in the notes to the financial statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2014

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 6,875 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 1,200. 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 2015 BUDGET

Many factors were considered by the School District's administration during the process of developing the fiscal year 2014-2015 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 2014-2015. 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, 2014

	PRIMARY GOVERNMENT AND TOTAL Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 13,588,383
Cash and Investments Held by County Treasurer	64,683,184
Property Taxes Receivable, Net	2,538,115
Accounts Receivable, Net	21,390
Due from Other Governments	2,017,393
Capital Assets:	
Non-Depreciable	16,676,546
Depreciable, Net	114,624,620
TOTAL ASSETS	214,149,631
LIABILITIES	
Accounts Payable	4,229,757
Accrued Salaries, Fringe & Benefits	3,947,816
Accrued Interest Payable	871,015
Unearned Revenue	2,434,206
Non-Current Liabilities:	
Due Within One Year	3,120,000
Due in More than One Year	53,942,950
TOTAL LIABILITIES	68,545,744
NET POSITION	
Net Investment in Capital Assets	74,238,216
Restricted For:	
Debt Service	14,023,007
Special Revenue	51,940
Food Service	600,113
Unrestricted	56,690,611
TOTAL NET POSITION	\$ 145,603,887

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, 2014

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	\$ 45,869,619	-	16,277,049	-	\$ (29,592,570)
Support Services	35,040,645	2,546,110	7,051,442	-	(25,443,093)
Intergovernmental	104,428	-	-	-	(104,428)
Interest and Other Charges	2,590,782	-	-	-	(2,590,782)
Total Governmental Activities	83,605,474	2,546,110	23,328,491	-	(57,730,873)
TOTAL PRIMARY GOVERNMENT	\$ 83,605,474	2,546,110	23,328,491	-	(57,730,873)
GENERAL REVENUES					
General Revenues:					
Property Taxes Levied for General Purposes					44,750,926
Property Taxes Levied for Debt Service					7,970,348
State Revenue in Lieu of Taxes					11,354,600
Other Taxes					143,161
Investment Earnings					110,261
Miscellaneous					206,834
Total General Revenues					64,536,130
CHANGE IN NET POSITION					6,805,257
NET POSITION - Beginning of Year					138,798,630
NET POSITION - End of Year					\$ 145,603,887

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, 2014

	GENERAL	SPECIAL REVENUE
ASSETS		
Cash and Cash Equivalents	\$ 13,507,666	-
Cash and Investments Held by County Treasurer	18,693,774	-
Receivables, Net:		
Taxes	2,094,197	-
Accounts	25	21,365
Due From:		
State Agencies	997,709	18,927
Federal Agencies	-	558,138
Other Funds	-	772,200
TOTAL ASSETS	\$ 35,293,371	1,370,630
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	\$ 4,163,838	21,951
Accrued Salaries, Fringe & Benefits	3,947,816	-
Due To:		
Other Funds	7,210,756	178,645
Unearned Revenue	-	765,419
TOTAL LIABILITIES	15,322,410	966,015
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	1,970,401	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,970,401	-
FUND BALANCES:		
Fund Balances		
Restricted For:		
Debt Service	-	-
Special Revenue	-	51,940
Food Service	-	-
Assigned For:		
Capital Projects	-	-
Special Education	-	352,675
Unassigned	18,000,560	-
TOTAL FUND BALANCES	18,000,560	404,615
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 35,293,371	1,370,630

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
-	80,717	-	-	\$ 13,588,383
-	-	14,450,104	31,539,306	64,683,184
-	-	443,918	-	2,538,115
-	-	-	-	21,390
442,619	-	-	-	1,459,255
-	-	-	-	558,138
1,418,175	577,686	-	4,871,637	7,639,698
1,860,794	658,403	14,894,022	36,410,943	\$ 90,488,163
-	-	-	43,968	\$ 4,229,757
-	-	-	-	3,947,816
250,297	-	-	-	7,639,698
1,610,497	58,290	-	-	2,434,206
1,860,794	58,290	-	43,968	18,251,477
-	-	407,669	-	2,378,070
-	-	407,669	-	2,378,070
-	-	14,486,353	-	14,486,353
-	-	-	-	51,940
-	600,113	-	-	600,113
-	-	-	36,366,975	36,366,975
-	-	-	-	352,675
-	-	-	-	18,000,560
-	600,113	14,486,353	36,366,975	69,858,616
1,860,794	658,403	14,894,022	36,410,943	\$ 90,488,163

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

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

JUNE 30, 2014

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	69,858,616
---	-----------	-------------------

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 unavailable in the funds.	2,378,070
---	-----------

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 \$170,711,191, and the accumulated depreciation is \$39,410,025.	131,301,166
---	-------------

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.	(871,015)
--	-----------

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	(55,490,000)	
Net Premium	(1,572,950)	(57,062,950)
	<hr/>	<hr/>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	<u>145,603,887</u>
---	-----------	---------------------------

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, 2014

	GENERAL	SPECIAL REVENUE
REVENUES		
Local Sources:		
Taxes	\$ 44,403,992	-
Investment Earnings	41,375	-
Other Local Sources	206,835	313,248
State Sources	26,644,029	606,465
Federal Sources	-	2,380,281
TOTAL REVENUES	71,296,231	3,299,994
EXPENDITURES		
Current:		
Instruction	36,497,558	2,501,770
Support Services	27,339,727	900,642
Intergovernmental	45,000	59,428
Capital Outlay	25,019	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
TOTAL EXPENDITURES	63,907,304	3,461,840
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,388,927	(161,846)
OTHER FINANCING SOURCES (USES)		
Transfers In	203,031	-
Transfers Out	(6,900,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(6,696,969)	-
NET CHANGES IN FUND BALANCES	691,958	(161,846)
FUND BALANCE, Beginning of Year	17,308,602	566,461
FUND BALANCE, End of Year	\$ 18,000,560	404,615

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
-	-	7,963,177	-	\$ 52,367,169
-	-	18,982	49,904	110,261
-	1,213,920	-	64,000	1,798,003
4,675,066	-	143,161	-	32,068,721
-	1,332,190	-	-	3,712,471
4,675,066	2,546,110	8,125,320	113,904	90,056,625
3,820,324	-	-	-	42,819,652
854,742	2,289,403	-	3,058,218	34,442,732
-	-	-	-	104,428
-	24,827	-	6,991,520	7,041,366
-	-	2,960,000	-	2,960,000
-	-	2,761,444	-	2,761,444
4,675,066	2,314,230	5,721,444	10,049,738	90,129,622
-	231,880	2,403,876	(9,935,834)	(72,997)
-	-	-	6,900,000	7,103,031
-	(203,031)	-	-	(7,103,031)
-	(203,031)	-	6,900,000	-
-	28,849	2,403,876	(3,035,834)	(72,997)
-	571,264	12,082,477	39,402,809	69,931,613
-	600,113	14,486,353	36,366,975	\$ 69,858,616

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, 2014

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	(72,997)
---	-----------	-----------------

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 unavailable revenues for the year.	354,106
--	---------

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.	2,960,000
---	-----------

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. This is the change in accrued interest for the year.	49,666
---	--------

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 of \$7,025,997 exceeded depreciation expense of \$3,632,511 in the current period.	<u>3,393,486</u>
--	------------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>6,805,257</u></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

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2014

	AGENCY
ASSETS	
Cash and Cash Equivalents	\$ 12,100
Investments	18,422
Accounts Receivable	449,546
TOTAL ASSETS	\$ 480,068
LIABILITIES	
Other Payables	\$ 25
Due to Student Organizations	480,043
TOTAL LIABILITIES	\$ 480,068

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, 2014

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.

As required by GAAP, the financial statements must present the School District's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) 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 and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the School District.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the School District having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the School District; and (c) issue bonded debt without approval by the School District. An entity has a financial benefit or burden relationship with the School District if, for example, any one of the following conditions exists: (a) the School District is legally entitled to or can otherwise access the entity's resources, (b) the School District is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the School District is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the School District's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the School District. Based on the criteria above, the School District does not have any blended or discretely presented component units.

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.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. The School District does not report any business-type activities. 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. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65") in 2014. GASB 65 establishes accounting and financial reporting standards that require reclassification of certain items that, in prior years, were properly reported as assets and liabilities. GASB 65 supplements and extends the reach of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which was adopted by the School District in 2013. The School District's deferred revenue liability (for unavailable property taxes) in its governmental funds balance sheet was affected by the implementation of GASB 65, as deferred items that are not available are no longer shown as a liability but are now reclassified and shown as a component of deferred inflows of resources.

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, arbitration, 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, 2014

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 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 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 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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. 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, Deferred Outflows / Inflows of Resources, 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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows / Inflows of Resources, 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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows / Inflows of Resources, 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 and other funds received 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 Prepaid Items

Inventories

If material, 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 when consumed (consumption method).

Prepaid Items

If material, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method. 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, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows / Inflows of Resources, 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.

6. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. 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, 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. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses. If applicable, accrued arbitrage payable is also reflected in long-term obligations.

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 are reported as expenditures.

7. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position (government-wide) and the balance sheet (governmental funds) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Equity (Continued)

7. *Deferred Outflows / Inflows of Resources (Continued)*

If material, advance refunding charges, which is the difference between the reacquisition prices and the net carrying amount of the defeased debt, are deferred and amortized over the life of the refunding bonds or the remaining life of the bonds that were refunded, whichever is shorter. Amortization of deferred charges is included in interest expense. The School District does not report any deferred outflows of resource at this time.

In addition to liabilities, the statement of net position (government-wide) and the balance sheet (governmental funds) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District currently has one type of deferred inflows of resources, which arises only under the modified accrual basis of accounting. This item, *unavailable revenue – property taxes*, is reported only in the governmental funds balance sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available.

8. *Fund Balance*

In accordance with GAAP, 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 School 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 School 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Equity (Continued)

8. Fund Balance (Continued)

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.

9. Net Position

Net position represents the difference between assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any) 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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.

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, 2014, none of the School District's total bank balances (including fiduciary funds) of approximately \$653,000, with a carrying value of approximately \$839,000, was exposed to custodial credit risk.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

A. Deposits and Investments (Continued)

Investments

As of June 30 2014, 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 <	\$ 12,778,760	\$ 12,778,760
Cash and Investments Held by County Treasurer	Unrated*	64,683,184	64,683,184
Total		<u>\$ 77,461,944</u>	<u>\$ 77,461,944</u>

< Investments in 2a 7-like funds are not required to disclose credit 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, the School District has 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.

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, 2014, 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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

B. Property Taxes and Other Receivables (Continued)

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, 2014, the operating millage rate was set at 169 mills (163 mills in the prior year) to cover the general operations of the School District; in addition, there is also a County Wide millage of 30 mills for general operations. The debt service millage rate was set at 24 mills (34 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 \$2,538,000 (which is net of an allowance for uncollectables of approximately \$207,000) at June 30, 2014. Allowances for uncollectables were not necessary for the other receivable accounts.

Delinquent property taxes of approximately \$124,000 in the General Fund, and \$36,000 in the Debt Service Fund, have been recognized as revenue at June 30, 2014, because they were collected within sixty days after year end as they were considered measurable and available.

C. Unavailable and Unearned Revenues

Governmental funds report unavailable revenues (as a component of deferred inflows of resources) in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Also, both the government-wide financial statements and governmental funds do not recognize revenue in connection with resources that have been received, but not yet earned. At June 30, 2014, the various components of unavailable and unearned revenue were as follows:

Unavailable Revenues:

Delinquent Property Taxes Receivable (General Fund)	\$ 1,970,401
Delinquent Property Taxes Receivable (Debt Service - Fund)	407,669
Total Unavailable Revenues for Governmental Funds	<u>\$ 2,378,070</u>

Unearned Revenues:

Revenue Collected, but Unearned (Special Revenue Fund)	\$ 765,419
Revenue Collected, but Unearned (Special Revenue - EIA Fund)	1,610,497
Revenue Collected, but Unearned (Special Revenue - Food Service Fund)	58,290
Total Unearned Revenues for both Government-wide Financial Statements and Governmental Funds	<u>\$ 2,434,206</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

D. Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2014 (all of which are expected to be repaid within one year), consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ -	\$ 7,210,756
Special Revenue Funds:		
Special Revenue	772,200	178,645
EIA	1,418,175	250,297
Food Service	577,686	-
Capital Projects Fund	4,871,637	-
Total	<u>\$ 7,639,698</u>	<u>\$ 7,639,698</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 \$4,872,000.

E. Transfers In and (Out)

Transfers in (out) from funds for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 203,031	\$ 6,900,000
Capital Projects Fund	6,900,000	-
Food Service	-	203,031
	<u>\$ 7,103,031</u>	<u>\$ 7,103,031</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 \$6,900,000 for designated future capital projects.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

F. Capital Assets

Capital asset activity for the School District for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 13,831,793	65,895	-	-	\$ 13,897,688
Construction in Progress	8,816,404	6,925,625	-	(12,963,171)	2,778,858
Total Capital Assets, Non-Depreciable	22,648,197	6,991,520	-	(12,963,171)	16,676,546
Capital Assets, Depreciable:					
Buildings and Improvements	135,399,938	-	-	12,963,171	148,363,109
Machinery and Equipment	5,658,275	34,477	21,216	-	5,671,536
Total Capital Assets, Depreciable	141,058,213	34,477	21,216	12,963,171	154,034,645
Less: Accumulated Depreciation for:					
Buildings and Improvements	32,334,940	3,216,586	-	-	35,551,526
Machinery and Equipment	3,463,790	415,925	21,216	-	3,858,499
Total Accumulated Depreciation	35,798,730	3,632,511	21,216	-	39,410,025
Total Capital Assets, Depreciable, Net	105,259,483	(3,598,034)	-	-	114,624,620
Governmental Activities Capital Assets, Net	\$ 127,907,680	3,393,486	-	-	\$ 131,301,166

Depreciation expense was charged to functions/programs of the primary government as follows:

	Depreciation
Governmental Activities:	
Instruction	\$ 3,034,598
Support Services	597,913
Total - Governmental Activities	<u>\$ 3,632,511</u>

G. Long-Term Obligations

The general obligation bonds ("GO") payable at June 30, 2014, 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. Proceeds were used for construction and renovation costs in the School District.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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

G. Long-Term Obligations (Continued)

Following is a summary of changes in the School District long-term obligations for the year ended June 30, 2014:

Long-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2007-A GO Bonds *	\$ 58,450,000	-	2,960,000	55,490,000	\$ 3,120,000
Premium-2007-A GO Bonds	1,693,946	-	120,996	1,572,950	-
Total Governmental Activities	<u>\$ 60,143,946</u>	<u>-</u>	<u>3,080,996</u>	<u>57,062,950</u>	<u>\$ 3,120,000</u>

* This debt is not subject to the 8% debt limitation as it was approved by voter referendum.

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

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

Year Ending June 30	Principal	Interest	Total
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	3,800,000	1,940,544	5,740,544
2020-2024	22,015,000	6,736,282	28,751,282
2025-2027	16,225,000	1,491,521	17,716,521
Total	<u>\$ 55,490,000</u>	<u>19,653,523</u>	<u>\$ 75,143,523</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, 2014, was approximately \$26,671,000.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

IV. OTHER INFORMATION (CONTINUED)

A. South Carolina Retirement System Retirement Plans (Continued)

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 7.50%, 7.00%, and 6.50% of covered salary for the years ended June 30, 2014, 2013 and 2012, respectively. The employer required contribution rate to the SCRS plan was 10.45%, 10.45%, and 9.39% for the year ended June 30, 2014, 2013, and 2012 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.

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 7.50%, 7.00%, and 6.50% of covered salary for the year ended June 30, 2014, 2013, and 2012, respectively. The employer required contribution rates are 10.45%, 10.45%, and 9.39% for the years ended June 30, 2014, 2013, and 2012. 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) 4.92%, 4.55%, and 4.30% surcharge on payroll for retiree health and dental insurance and group life insurance benefit for their active participants for the years ended June 30, 2014, 2013, and 2012, respectively. All employers contribute at the actuarially required contribution rates.

The School District had total wages of approximately \$44,900,000, \$43,254,000, and \$41,588,000 for the years ended June 30, 2014, 2013, and 2012, 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
<u>SCRS</u>				
2014	\$ 40,108,503	3,008,140	6,224,840	\$ 9,232,980
2013	38,272,807	2,675,108	5,779,330	8,454,438
2012	\$ 36,862,946	2,396,092	5,099,989	\$ 7,496,081
<u>State ORP</u>				
2014	\$ 4,194,922	314,619	651,052	\$ 965,671
2013	3,761,010	263,271	569,793	833,064
2012	\$ 3,818,045	248,173	528,227	\$ 776,400

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

IV. OTHER INFORMATION (CONTINUED)

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 (4.92% for 2014, 4.55% for 2013, and 4.30% for 2012) 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, 2014, 2013, and 2012 were approximately \$2,180,000, \$1,913,000, and \$1,749,000. There were on average 68 participants eligible to receive retiree health insurance coverage during June 30, 2014.

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.

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 \$6,900,000 for future school capital projects was made as of June 30, 2014. 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, 2014 the Board has remaining approximately \$36,367,000 (including earned interest) in total funds assigned for future construction projects.

F. Concentration of Property Tax Revenue Risk

The School District receives approximately 69% 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 significant construction commitments outstanding at year end for the design of two new schools, the completion of artificial turf fields, and the completion of site preparation work for a new middle and elementary school for a total commitment of approximately \$7,648,000 as of June 30, 2014.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

IV. OTHER INFORMATION (CONTINUED)

H. Operating Lease

In September 2013, the School District entered into an operating lease for computer equipment that is being used by students. The lease requires three annual payments of approximately \$1,392,000 with the first one paid in the year ended June 30, 2014; the last payment is scheduled for March 2016. The remaining commitments under this agreement are approximately \$2,783,000.

I. Subsequent Events

Millage Increase

The Board of Trustees approved a 6 mill increase (increased to 175 mills from 169 mills) for the next property tax year for the general operations of the School District. The Board of Trustees did not adjust debt service millage for the next property tax year for the scheduled debt service requirements of the School District.

Bond Issuance

In September, 2014, the School District issued its Series 2014 GO Bond in the amount of \$67,000,000. This indebtedness was approved by voter referendum in March 2014 and thus is not subject to the 8% constitutional debt limit. The proceeds, along with other accumulated School District funds, will be used to build two new schools. Debt service payments will begin in March 2015 (interest only for the first year) and continue through March 2034. Principal payments will begin in March 2016 and range from \$710,000 to \$8,950,000. Interest payments are due semiannually at rates ranging from 3% to 5%. The Bonds were issued at a premium of approximately \$5,823,000. Total issuance costs (including underwriter's discount of approximately \$61,000) were approximately \$284,000.

J. Pending Implementation of GASB Statement on Pensions

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* ("Statement"), was issued by the GASB in June 2012. 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 (and related deferred outflows and inflows of resources) for its participation in the SCRS Plan 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 School District has been in communications with the PEBA on the effect of implementing this Statement as it relates to the SCRS. Based on recent information provided by PEBA, it is estimated that the School District's proportionate share of the net pension liability associated with the SCRS will decrease the School District's beginning unrestricted net position for the year ended June 30, 2015 by approximately \$80,277,000.

(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, 2014

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 42,919,770	42,919,770	44,403,992	\$ 1,484,222
Investment Earnings	50,000	50,000	41,375	(8,625)
Other Local Sources	80,000	80,000	206,835	126,835
State Sources	26,102,351	26,102,351	26,644,029	541,678
TOTAL REVENUES	69,152,121	69,152,121	71,296,231	2,144,110
EXPENDITURES				
Current:				
Instruction	37,447,679	37,447,679	36,497,558	950,121
Support Services	28,556,242	28,556,242	27,339,727	1,216,515
Intergovernmental	45,000	45,000	45,000	-
Capital Outlay	103,200	103,200	25,019	78,181
TOTAL EXPENDITURES	66,152,121	66,152,121	63,907,304	2,244,817
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,000,000	3,000,000	7,388,927	4,388,927
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	203,031	203,031
Transfers Out	(3,000,000)	(3,000,000)	(6,900,000)	(3,900,000)
TOTAL OTHER FINANCING SOURCES (USES)	(3,000,000)	(3,000,000)	(6,696,969)	(3,696,969)
NET CHANGE IN FUND BALANCE	-	-	691,958	691,958
FUND BALANCE, Beginning of Year	17,308,602	17,308,602	17,308,602	-
FUND BALANCE, End of Year	\$ 17,308,602	17,308,602	18,000,560	\$ 691,958

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, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 39,140,638	40,193,636	\$ 1,052,998
1140 Penalties & Interest on Taxes (Independent)	500,000	688,756	188,756
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	3,129,132	3,414,231	285,099
1240 Penalties & Interest on Taxes (Dependent)	150,000	107,369	(42,631)
1500 Earnings on Investments:			
1510 Interest on Investments	50,000	41,375	(8,625)
1900 Other Revenue from Local Sources:			
1910 Rentals	65,000	32,950	(32,050)
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	4,176	4,176
1999 Revenue from Other Local Sources	15,000	169,709	154,709
Total Revenue from Local Sources	43,049,770	44,652,202	1,602,432
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	658	658
3160 School Bus Driver's Salary			
(Includes Hazardous Condition Transportation)	245,794	299,964	54,170
3162 Transportation Workers' Compensation	-	23,422	23,422
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	3,871,735	4,056,962	185,227
3181 Retiree Insurance (No Carryover Provision)	1,412,559	1,607,453	194,894
3199 Other Restricted State Grants	-	2,297	2,297
3310 Full-Time Programs:			
3311 Kindergarten	642,295	713,699	71,404
3312 Primary	1,838,709	1,905,076	66,367
3313 Elementary	2,755,602	2,808,152	52,550
3314 High School	737,377	696,567	(40,810)
3315 Trainable Mentally Handicapped	28,617	32,872	4,255
3316 Speech Handicapped (Part-Time Program)	410,464	324,532	(85,932)
3317 Homebound	10,829	26,915	16,086
3320 Part-Time Programs:			
3321 Emotionally Handicapped	26,536	45,968	19,432
3322 Educable Mentally Handicapped	60,621	37,067	(23,554)
3323 Learning Disabilities	456,851	487,790	30,939
3324 Hearing Handicapped	14,824	16,290	1,466
3325 Visually Handicapped	17,788	18,528	740
3326 Orthopedically Handicapped	23,533	21,693	(1,840)
3327 Vocational	\$ 1,972,643	2,045,286	\$ 72,643

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
3330 Other EFA Programs:			
3331 Autism	\$ 94,872	118,239	\$ 23,367
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	10,880,702	10,671,304	(209,398)
3820 Homestead Exemption (Tier 2)	575,000	573,275	(1,725)
3830 Merchant's Inventory Tax	-	40,593	40,593
3890 Other State Property Tax Revenues (Includes MC Vehicle Tax)	-	69,427	69,427
3900 Other State Revenue:			
3999 Revenue from Other State Sources	25,000	-	(25,000)
Total Revenue from State Sources	26,102,351	26,644,029	541,678
TOTAL REVENUES	69,152,121	71,296,231	2,144,110
EXPENDITURES			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,523,460	1,713,165	(189,705)
200 Employee Benefits	631,811	576,126	55,685
300 Purchased Services - Other Than Tuition	33,722	82,980	(49,258)
400 Supplies and Materials	71,104	71,103	1
112 Primary Programs:			
100 Salaries	5,449,166	5,473,059	(23,893)
200 Employee Benefits	2,264,236	1,876,121	388,115
300 Purchased Services - Other Than Tuition	214,966	250,090	(35,124)
400 Supplies and Materials	86,315	83,545	2,770
113 Elementary Programs:			
100 Salaries	7,978,225	8,184,798	(206,573)
200 Employee Benefits	3,177,426	2,789,240	388,186
300 Purchased Services - Other Than Tuition	488,468	567,270	(78,802)
400 Supplies and Materials	228,224	224,949	3,275
114 High School Programs:			
100 Salaries	5,239,462	5,068,566	170,896
140 Terminal Leave	-	4,584	(4,584)
200 Employee Benefits	1,982,909	1,668,746	314,163
300 Purchased Services	307,925	238,867	69,058
400 Supplies and Materials	203,368	180,416	22,952
600 Other Objects	-	14,651	(14,651)
115 Career and Technology Education Program:			
100 Salaries	984,366	925,079	59,287
200 Employee Benefits	356,828	306,654	50,174
300 Purchased Services - Other Than Tuition	37,100	50,413	(13,313)
400 Supplies and Materials	\$ 129,400	109,407	\$ 19,993

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	\$ 275,519	329,197	\$ (53,678)
200 Employee Benefits	119,653	112,458	7,195
300 Purchased Services	-	7,247	(7,247)
122 Trainable Mentally Handicapped:			
100 Salaries	281,166	334,327	(53,161)
200 Employee Benefits	120,191	125,490	(5,299)
300 Purchased Services	-	7,921	(7,921)
123 Orthopedically Handicapped:			
100 Salaries	24,374	47,177	(22,803)
200 Employee Benefits	9,867	21,882	(12,015)
300 Purchased Services	65,000	627	64,373
124 Visually Handicapped:			
300 Purchased Services	68,592	38,064	30,528
125 Hearing Handicapped:			
100 Salaries	64,109	59,122	4,987
200 Employee Benefits	28,749	19,637	9,112
300 Purchased Services	1,000	1,973	(973)
126 Speech Handicapped:			
100 Salaries	370,223	399,745	(29,522)
200 Employee Benefits	137,856	131,310	6,546
300 Purchased Services	50,000	181	49,819
127 Learning Disabilities:			
100 Salaries	1,242,548	1,158,663	83,885
200 Employee Benefits	469,468	401,439	68,029
300 Purchased Services	-	16,640	(16,640)
400 Supplies and Materials	700	620	80
128 Emotionally Handicapped:			
100 Salaries	350,165	276,480	73,685
200 Employee Benefits	119,328	99,060	20,268
300 Purchased Services	-	9,744	(9,744)
130 Pre-School Programs:			
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	128,901	128,901	-
200 Employee Benefits	49,021	33,914	15,107
300 Purchased Services	-	1,554	(1,554)
139 Early Childhood Programs:			
100 Salaries	1,002,825	1,099,733	(96,908)
200 Employee Benefits	398,750	393,403	5,347
300 Purchased Services	33,500	40,454	(6,954)
400 Supplies and Materials	10,698	12,532	(1,834)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	29,616	-	29,616
200 Employee Benefits	13,337	-	13,337
300 Purchased Services	12,000	-	12,000
400 Supplies and Materials	7,750	-	7,750
600 Other Objects	\$ 250	100	\$ 150

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
145 Homebound:			
100 Salaries	\$ -	49,546	\$ (49,546)
200 Employee Benefits	-	11,339	(11,339)
300 Purchased Services	30,000	4,982	25,018
149 Other Special Programs:			
100 Salaries	140,209	165,060	(24,851)
200 Employee Benefits	41,036	42,428	(1,392)
300 Purchased Services	-	5,226	(5,226)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	225,572	240,983	(15,411)
200 Employee Benefits	99,725	95,627	4,098
300 Purchased Services	2,500	37,872	(35,372)
400 Supplies and Materials	1,500	-	1,500
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	-	28,360	(28,360)
200 Employee Benefits	-	6,548	(6,548)
173 High School Summer School:			
100 Salaries	-	26,549	(26,549)
200 Employee Benefits	-	6,193	(6,193)
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	4,000	4,242	(242)
400 Supplies and Materials	4,500	3,179	1,321
Total Instruction	37,447,679	36,497,558	950,121
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	259,423	312,626	(53,203)
200 Employee Benefits	94,908	105,019	(10,111)
300 Purchased Services	10,500	49	10,451
400 Supplies and Materials	2,000	556	1,444
212 Guidance Services:			
100 Salaries	998,544	972,173	26,371
200 Employee Benefits	371,238	324,651	46,587
300 Purchased Services	699	882	(183)
400 Supplies and Materials	\$ 3,542	3,134	\$ 408

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
213 Health Services:			
100 Salaries	\$ 581,030	452,807	\$ 128,223
200 Employee Benefits	219,792	178,769	41,023
300 Purchased Services	-	62,940	(62,940)
400 Supplies and Materials	35,000	25,618	9,382
214 Psychological Services:			
100 Salaries	150,423	257,388	(106,965)
200 Employee Benefits	47,303	75,725	(28,422)
400 Supplies and Materials	1,000	999	1
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	840,232	811,139	29,093
200 Employee Benefits	260,077	235,737	24,340
300 Purchased Services	31,500	24,459	7,041
400 Supplies and Materials	188,285	40,868	147,417
600 Other Objects	4,500	1,084	3,416
222 Library and Media Services:			
100 Salaries	646,287	689,237	(42,950)
200 Employee Benefits	238,545	217,391	21,154
300 Purchased Services	1,015	12,115	(11,100)
400 Supplies and Materials	252,325	259,401	(7,076)
223 Supervision of Special Programs:			
100 Salaries	187,274	187,274	-
200 Employee Benefits	54,141	51,066	3,075
300 Purchased Services	25,150	-	25,150
400 Supplies and Materials	7,800	4,182	3,618
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	103,479	106,734	(3,255)
200 Employee Benefits	88,259	62,908	25,351
300 Purchased Services	60,659	77,086	(16,427)
400 Supplies and Materials	1,000	569	431
230 General Administrative Services:			
231 Board of Education:			
300 Purchased Services	56,000	76,179	(20,179)
318 Audit Services	38,500	39,600	(1,100)
400 Supplies and Materials	4,500	3,700	800
600 Other Objects	8,500	32,779	(24,279)
232 Office of Superintendent:			
100 Salaries	232,845	242,148	(9,303)
200 Employee Benefits	645,300	359,309	285,991
300 Purchased Services	63,500	67,103	(3,603)
400 Supplies and Materials	38,500	24,143	14,357
600 Other Objects	\$ 19,500	18,992	\$ 508

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
233 School Administration:			
100 Salaries	\$ 3,281,780	3,432,511	\$ (150,731)
140 Terminal Leave	-	7,957	(7,957)
200 Employee Benefits	1,119,239	1,076,011	43,228
300 Purchased Services	29,540	23,963	5,577
400 Supplies and Materials	146,607	143,423	3,184
600 Other Objects	8,377	7,766	611
250 Finance and Operations Services:			
251 Student Transportation (Federal/District Mandated):			
300 Purchased Services	-	21,871	(21,871)
252 Fiscal Services:			
100 Salaries	417,740	412,019	5,721
200 Employee Benefits	137,925	127,647	10,278
300 Purchased Services	50,000	6,448	43,552
400 Supplies and Materials	40,000	13,790	26,210
600 Other Objects	1,000	5,178	(4,178)
254 Operation and Maintenance of Plant:			
100 Salaries	2,992,538	2,761,648	230,890
140 Terminal Leave	-	5,246	(5,246)
200 Employee Benefits	1,173,636	978,056	195,580
300 Purchased Services	2,553,249	1,731,475	821,774
400 Supplies and Materials	2,980,373	3,369,488	(389,115)
500 Capital Outlay	103,200	25,019	78,181
600 Other Objects	6,630	1,631	4,999
255 Student Transportation (State Mandated):			
100 Salaries	955,601	993,492	(37,891)
200 Employee Benefits	618,738	382,367	236,371
300 Purchased Services	100,500	28,445	72,055
400 Supplies and Materials	26,500	30,618	(4,118)
256 Food Service:			
200 Employee Benefits	-	140,331	(140,331)
258 Security:			
300 Purchased Services	200,272	283,646	(83,374)
400 Supplies and Materials	7,900	7,548	352
260 Central Support Services:			
263 Information Services:			
100 Salaries	64,900	69,900	(5,000)
200 Employee Benefits	19,312	20,153	(841)
300 Purchased Services	17,700	15,142	2,558
400 Supplies and Materials	\$ 4,600	43,439	\$ (38,839)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2014

	REVISED BUDGET	ACTUAL	VARIANCE
264 Staff Services:			
100 Salaries	\$ 313,476	312,586	\$ 890
200 Employee Benefits	110,127	106,692	3,435
300 Purchased Services	29,000	35,563	(6,563)
400 Supplies and Materials	18,950	20,115	(1,165)
600 Other Objects	1,000	921	79
266 Technology and Data Processing Services:			
100 Salaries	598,867	657,860	(58,993)
140 Terminal Leave	-	3,825	(3,825)
200 Employee Benefits	197,227	206,145	(8,918)
300 Purchased Services	188,250	192,167	(3,917)
400 Supplies and Materials	2,137,521	2,187,242	(49,721)
600 Other Objects	-	2,137	(2,137)
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	480,500	533,586	(53,086)
200 Employee Benefits (Optional)	118,592	107,262	11,330
300 Purchased Services (Optional)	5,000	5,970	(970)
400 Supplies and Materials (Optional)	440,000	407,908	32,092
600 Other Objects (Optional)	90,000	-	90,000
Total Support Services	28,659,442	27,364,746	1,294,696
400 Other Charges:			
410 Intergovernmental Expenditures:			
412 Payments to Other Governmental Units			
720 Transits	45,000	45,000	-
Total Intergovernmental Expenditures	45,000	45,000	-
TOTAL EXPENDITURES	66,152,121	63,907,304	2,244,817
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5280 Transfer from Other Funds Indirect Costs	-	203,031	203,031
424-710 Transfer to Capital Projects Fund	(3,000,000)	(6,900,000)	(3,900,000)
TOTAL OTHER FINANCING SOURCES (USES)	(3,000,000)	(6,696,969)	(3,696,969)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES	-	691,958	691,958
FUND BALANCE, Beginning of Year	17,308,602	17,308,602	-
PRIOR PERIOD ADJUSTMENTS	-	-	-
FUND BALANCE, Beginning of Year - Restated	17,308,602	17,308,602	-
FUND BALANCE, End of Year	\$ 17,308,602	18,000,560	\$ 691,958

Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

Special Revenue and Special Revenue - EIA 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 two major Special Revenue Funds that are included in this section:

- 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 *Special Revenue - 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, 2014

	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	-
3177 Summer Reading Camp	-
3190 Miscellaneous Restricted State Grants:	
3199 Other Restricted State Grants	-
3600 Education Lottery Act Revenue:	
3607 6-8 Enhancement (Carryover Provision)	-
3610 K-5 Enhancement (Carryover Provision)	-
3620 Digital Instructional Materials	-
3900 Other State Revenue:	
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)	796,578
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-
4343 McKinney-Vento	
4348 Teacher Incentive Fund	
4351 Improving Teacher Quality (Carryover Provision)	-
4400 Adult Education:	
4410 Basic Adult Education	\$ -

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
-	-	-	-	-	14,851	\$ 14,851
-	-	-	-	-	253,827	253,827
-	-	-	6,960	-	37,610	44,570
-	-	-	6,960	-	306,288	313,248
-	-	-	-	203,740	-	203,740
-	-	-	-	48,672	-	48,672
-	-	-	-	3,631	-	3,631
-	-	-	-	-	4,273	4,273
-	-	-	-	12,641	-	12,641
-	-	-	-	256,873	-	256,873
-	-	-	-	36,525	-	36,525
-	-	-	-	-	40,110	40,110
-	-	-	-	562,082	44,383	606,465
-	-	82,842	-	-	-	82,842
-	-	-	-	-	-	796,578
-	-	-	-	-	23,578	23,578
-	-	-	-	-	140,017	140,017
-	-	-	-	-	70,206	\$ 70,206

(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, 2014

	Title I (BA Projects) (201)
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	<u>796,578</u>
TOTAL REVENUES	<u>796,578</u>
EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Program:	
300 Purchased Services	1,655
400 Supplies and Materials	5,085
112 Primary Programs:	
100 Salaries	363,750
200 Employee Benefits	129,049
300 Purchased Services	14,491
400 Supplies and Materials	54,512
113 Elementary Programs:	
100 Salaries	51,193
200 Employee Benefits	21,328
300 Purchased Services	21,914
400 Supplies and Materials	36,721
114 High School Programs:	
100 Salaries	-
200 Employee Benefits	-
400 Supplies and Materials	-
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	\$ -

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
1,140,140	-	-	-	-	-	\$ 1,140,140
-	48,889	-	-	-	-	48,889
-	-	-	-	-	78,031	78,031
1,140,140	48,889	82,842	-	-	311,832	2,380,281
1,140,140	48,889	82,842	6,960	562,082	662,503	3,299,994
-	-	-	-	-	-	1,655
-	-	-	-	-	-	5,085
-	-	-	-	-	-	363,750
-	-	-	-	-	-	129,049
-	-	-	-	-	-	14,491
-	-	-	-	-	2,075	56,587
-	-	-	-	16,848	6,059	74,100
-	-	-	-	3,050	1,405	25,783
-	-	-	-	7,081	-	28,995
-	-	-	-	237,955	5,481	280,157
-	-	-	-	144,326	63,778	208,104
-	-	-	-	50,150	14,253	64,403
-	-	-	-	-	14,851	14,851
-	-	4,000	-	9,264	4,273	17,537
-	-	1,300	-	-	-	1,300
-	-	38,875	-	-	-	38,875
-	-	38,667	-	-	5,311	43,978
84,723	-	-	-	-	-	84,723
31,590	-	-	-	-	-	31,590
3,358	-	-	-	-	-	3,358
3,083	-	-	-	-	-	\$ 3,083

(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, 2014

	Title I (BA Projects) (201)
122 Trainable Mentally Handicapped:	
100 Salaries	\$ -
200 Employee Benefits	-
300 Purchased Services	-
400 Supplies and Materials	-
124 Visually Handicapped:	
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	-
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	-
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
969	-	-	-	-	-	\$ 969
222	-	-	-	-	-	222
256	-	-	-	-	-	256
5,432	-	-	-	-	-	5,432
1,431	-	-	-	-	-	1,431
44,527	-	-	-	-	-	44,527
21,311	-	-	-	-	-	21,311
737	-	-	-	-	-	737
2,627	-	-	-	-	-	2,627
1,776	-	-	-	-	-	1,776
412	-	-	-	-	-	412
45,799	-	-	-	-	-	45,799
1,414	-	-	-	-	4,101	5,515
26,339	-	-	-	-	-	26,339
6,086	-	-	-	-	-	6,086
5,153	-	-	-	-	-	5,153
5,457	-	-	-	-	-	5,457
318	-	-	-	-	-	318
74	-	-	-	-	-	74
3,160	-	-	-	-	6,679	9,839
2,551	-	-	-	-	-	2,551
22,881	-	-	-	-	-	22,881
10,619	-	-	-	-	-	10,619
2,308	-	-	-	-	-	2,308
1,529	2,717	-	-	-	-	4,246
905	-	-	-	-	45,889	46,794
210	-	-	-	-	11,557	11,767
-	-	-	-	-	9,592	9,592
-	-	-	-	-	319	\$ 319

(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, 2014

	Title I (BA Projects) (201)
140 Special Programs:	
148 Gifted and Talented - Artistic:	
100 Salaries	\$ 43,203
200 Employee Benefits	18,568
300 Purchased Services	91
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	-
170 Summer School Programs:	
171 Primary Summer School:	
100 Salaries	150
200 Employee Benefits	35
172 Elementary Summer School:	
300 Purchased Services	-
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	-
200 Employee Benefits	-
300 Purchased Services	-
400 Supplies and Materials	-
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	1,000
400 Supplies and Materials	6,998
 Total Instruction	 <u>\$ 769,743</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
-	-	-	-	-	-	\$ 43,203
-	-	-	-	-	-	18,568
-	-	-	-	-	-	91
-	-	-	-	-	9,349	9,349
244,400	17,251	-	-	-	-	261,651
98,467	9,621	-	-	-	-	108,088
8,260	-	-	-	-	40,870	49,130
4,804	-	-	-	-	-	4,804
-	-	-	-	-	-	150
-	-	-	-	-	-	35
-	-	-	-	3,745	-	3,745
-	-	-	29,027	-	39,565	68,592
-	-	-	10,320	-	1,980	12,300
-	-	-	7,267	-	2,100	9,367
-	-	-	4,637	-	100	4,737
-	-	-	74,793	-	6,420	81,213
-	-	-	14,959	-	-	14,959
-	-	-	-	-	750	750
-	-	-	832	-	1,324	2,156
-	-	-	-	-	10,896	10,896
-	-	-	-	-	759	759
-	-	-	-	-	1,050	1,050
-	-	-	168	-	1,200	1,368
-	-	-	-	-	-	1,000
-	-	-	-	-	-	6,998
693,188	29,589	82,842	142,003	472,419	311,986	\$ 2,501,770

(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, 2014

	Title I (BA Projects) (201)
200 Support Services:	
210 Pupil Services:	
211 Attendance and Social Work Services:	
300 Purchased Services	\$ -
400 Supplies and Materials	-
600 Other Objects	-
213 Health Services:	
100 Salaries	-
200 Employee Benefits	-
300 Purchased Services	-
400 Supplies and Materials	-
600 Other Objects	-
214 Psychological Services:	
100 Salaries	-
200 Employee Benefits	-
300 Purchased Services	-
400 Supplies and Materials	-
600 Other Objects	-
215 Exceptional Program Services:	
600 Other Objects	-
220 Instructional Staff Services:	
221 Improvement of Instruction - Curriculum Development:	
300 Purchased Services	-
400 Supplies and Materials	-
223 Supervision of Special Programs:	
100 Salaries	-
200 Employee Benefits	-
300 Purchased Services	1,232
400 Supplies and Materials	-
600 Other Objects	-
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	-
200 Employee Benefits	-
300 Purchased Services	21,784
400 Supplies and Materials	999
250 Finance and Operations Services:	
251 Student Transportation (Federal/District Mandated):	
300 Purchased Services	2,820
254 Operation and Maintenance of Plant:	
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
3,343	-	-	-	-	-	\$ 3,343
100	-	-	-	-	-	100
223	-	-	-	-	-	223
103,603	-	-	-	39,787	64,455	207,845
32,518	-	-	-	8,886	27,332	68,736
13,135	-	-	-	-	45,413	58,548
3,146	-	-	-	-	7,953	11,099
762	-	-	-	-	-	762
56,809	15,000	-	-	-	-	71,809
18,323	4,300	-	-	-	-	22,623
6,457	-	-	-	-	-	6,457
4,398	-	-	-	-	206	4,604
655	-	-	-	-	-	655
3,296	-	-	-	-	-	3,296
-	-	-	-	-	2,977	2,977
323	-	-	-	-	-	323
114,905	-	-	-	-	220	115,125
39,873	-	-	-	-	-	39,873
601	-	-	7,875	-	3,440	13,148
9,875	-	-	137	-	402	10,414
448	-	-	-	-	-	448
2,790	-	-	-	-	45,000	47,790
636	-	-	-	-	10,472	11,108
25,083	-	-	-	4,115	93,286	144,268
1,525	-	-	-	350	4,367	7,241
4,125	-	-	-	-	-	6,945
-	-	-	1,172	-	-	1,172
-	-	-	3,185	-	-	\$ 3,185

(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, 2014

	Title I (BA Projects) (201)
	<hr/>
260 Central Support Services:	
266 Technology and Data Processing Services:	
400 Supplies and Materials	\$ -
Total Support Services	<hr/> 26,835 <hr/>
410 Intergovernmental Expenditures:	
414 Medicaid Payments to SDE	
720 Transits	-
Total Intergovernmental Expenditures	<hr/> - <hr/>
TOTAL EXPENDITURES	<hr/> 796,578 <hr/>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	<hr/> - <hr/>
FUND BALANCE, End of Year	<hr/> \$ - <hr/>

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
-	-	-	-	36,525	-	\$ 36,525
446,952	19,300	-	12,369	89,663	305,523	900,642
-	-	-	-	-	59,428	59,428
-	-	-	-	-	59,428	59,428
1,140,140	48,889	82,842	154,372	562,082	676,937	3,461,840
-	-	-	(147,412)	-	(14,434)	(161,846)
-	-	-	199,352	-	367,109	566,461
-	-	-	51,940	-	352,675	\$ 404,615

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2014

OTHER DESIGNATED RESTRICTED STATE GRANTS

926	Summer Reading Camp
927	EEDA 8th Grade Awareness
928	EEDA Career Specialists
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
955	DSS Snap and E&T Program
960	K-5 Enhancement (Carryover Provision)
965	Digital Instrucional Materials
967	6-8 Enhancement (Carryover Provision)
968	High Schools That Work

OTHER SPECIAL REVENUE PROGRAMS

204	Recycling Education Grant
212	Ag Teacher
214	Medicaid
217	Blue Eagle Academy Donations
218	i3 Reading Recovery
228	Technology Adv MFG/Biodiesel
234	School Improvement Discretionary - Optional Carryover
241	Title V
243	Adult Education - Federal
244	Eisenhower Fund
264	Title III
267	Improving Teacher Quality (Carryover Provision)
277	ROTC
284	First Steps
801	SAT Improvement

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2014

SUBFUND	REVENUE	PROGRAMS	REVENUES	EXPENDITURES	SPECIAL REVENUE		Special Revenue Fund Unearned
					INTERFUND TRANSFERS IN (OUT)	OTHER FUND TRANSFERS SOURCES (USES)	
926	3177	Summer Reading Camp	\$ 3,631	3,631	-	-	\$ 2,483
927	3117	EEDA 8th Grade Awareness	-	-	-	-	12,723
928	3118	EEDA Career Specialist	203,740	203,740	-	-	-
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	48,672	48,672	-	-	-
938	3128	High Schools That Work/Making Middle Grades Work (Carryover Only)	-	-	-	-	7,677
945	3195	South Carolina Reading Initiative	-	-	-	-	7,202
955	3155	DSS SNAP and EBT Program	-	-	-	-	15,857
960	3610	K-5 Enhancement (Carryover Provision)	256,873	256,873	-	-	255,358
965	3620	Digital Instructional Materials	36,525	36,525	-	-	-
967	3607	6-8 Enhancement (Carryover Provision)	12,641	12,641	-	-	5,020
968	3608	High Schools That Work	-	-	-	-	5,660
Totals			\$ 562,082	562,082	-	-	\$ 334,369

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2014

	ACTUAL
REVENUES	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	\$ 4,535
3505 Technology Support	8,624
3511 Professional Development	33,105
3518 Formative Assessment	12,556
3525 Career and Technology Education Equipment	63,061
3526 Refurbishment of K-8 Science Kits	25,918
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	1,006,915
3533 Teacher of the Year Awards	1,077
3538 Student at Risk of School Failure	862,982
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	102,806
3544 High Achieving Students	260,344
3550 Teacher Salary Increase (No Carryover Provision)	1,434,949
3556 Adult Education	342,113
3558 Reading	7,712
3577 Teacher Supplies (No Carryover Provision)	143,275
3578 High Schools That Work/Making Middle Grades Work	582
3581 Student Health and Fitness-Nurses	185,560
3585 Aid to Districts-Special Education	31,241
3592 Work-Based Learning	16,783
3597 Aid to Districts	130,928
Total Revenue from State Sources	<u>4,675,066</u>
TOTAL REVENUES	<u>4,675,066</u>

EXPENDITURES

100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	121,090
200 Employee Benefits	27,866
112 Primary Programs:	
100 Salaries	603,249
200 Employee Benefits	152,681
300 Purchased Services	5,400
400 Supplies and Materials	72,402
600 Other Objects	585
113 Elementary Programs:	
100 Salaries	632,286
200 Employee Benefits	145,302
400 Supplies and Materials	\$ 68,454

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2014

	ACTUAL
114 High School Programs:	
100 Salaries	\$ 705,918
200 Employee Benefits	187,574
300 Purchased Services	302
400 Supplies and Materials	42,900
115 Career and Technology Education Program:	
100 Salaries	71,506
200 Employee Benefits	13,568
300 Purchased Services - Other Than Tuition	841
400 Supplies and Materials	63,161
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	11,480
200 Employee Benefits	2,629
122 Trainable Mentally Handicapped:	
100 Salaries	11,852
200 Employee Benefits	2,690
125 Hearing Handicapped:	
100 Salaries	1,208
200 Employee Benefits	280
126 Speech Handicapped:	
100 Salaries	20,258
200 Employee Benefits	4,642
127 Learning Disabilities:	
100 Salaries	107,815
200 Employee Benefits	24,794
300 Purchased Services	31,241
128 Emotionally Handicapped:	
100 Salaries	18,956
200 Employee Benefits	4,347
130 Pre-School Programs:	
137 Preschool Hanicapped Self Contained (3 & 4 Yr. Olds):	
100 Salaries	5,550
200 Employee Benefits	1,277
139 Early Childhood Programs:	
100 Salaries	130,657
200 Employee Benefits	27,440
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	160,682
200 Employee Benefits	59,596
300 Purchased Services	32,840
400 Supplies and Materials	\$ 7,227

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2014

	ACTUAL
160 Other Exceptional Programs:	
161 Autism:	
100 Salaries	\$ 21,477
200 Employee Benefits	4,959
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	23,510
200 Employee Benefits	11,836
300 Purchased Services	5,861
400 Supplies and Materials	4,941
182 Adult Secondary Education Programs:	
100 Salaries	40,211
200 Employee Benefits	35,597
300 Purchased Services	26,798
400 Supplies and Materials	5,166
183 Adult Education Literacy (ESL):	
100 Salaries	29,977
200 Employee Benefits	5,966
187 Adult Education - Remedial:	
100 Salaries	17,397
200 Employee Benefits	4,082
Total Instruction	<u>3,820,324</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	224,307
200 Employee Benefits	61,814
213 Health Services:	
100 Salaries	167,994
200 Employee Benefits	17,566
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	15,000
200 Employee Benefits	3,476
222 Library and Media:	
100 Salaries	27,204
200 Employee Benefits	\$ 33,954

(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, 2014

	ACTUAL
223 Supervision of Special Programs:	
100 Salaries	\$ 92,569
140 Terminal Leave	3,827
200 Employee Benefits	31,174
300 Purchased Services	2,869
400 Supplies and Materials	332
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	23,940
200 Employee Benefits	5,522
300 Purchased Services	2,798
400 Supplies and Materials	9,469
260 Central Support Services:	
266 Technology and Data Processing Services:	
300 Purchased Services	130,927
Total Support Services	854,742
TOTAL EXPENDITURES	4,675,066
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	-
FUND BALANCE, End of Year	\$ -

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2014

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 4,535	4,535	-	-	\$ -
3505 Technology Support	8,624	8,624	-	-	-
3509 Arts in Education	-	-	-	-	12,236
3511 Professional Development	33,105	33,105	-	-	37,321
3518 Formative Assessment	12,556	12,556	-	-	38
3525 Career and Technology Education Equipment	63,061	63,061	-	-	-
3526 Refurbishment of K-8 Science Kits	25,918	25,918	-	-	6,906
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	1,006,915	1,006,915	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3538 Student at Risk of School Failure	862,982	862,982	-	-	624,168
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	102,806	102,806	-	-	-
3544 High Achieving Students	260,344	260,344	-	-	167,282
3550 Teacher Salary Increase (No Carryover Provision)	1,434,949	1,434,949	-	-	-
3556 Adult Education	342,113	342,113	-	-	-
3558 Reading	7,712	7,712	-	-	80,443
3575 Competitive Teacher Grants	-	-	-	-	1,174
3577 Teacher Supplies (No Carryover Provision)	143,275	143,275	-	-	-
3578 High Schools That Work/Making Middle Grades Work	582	582	-	-	18,937
3581 Student Health and Fitness-Nurses	185,560	185,560	-	-	-
3585 Aid to Districts-Special Education	31,241	31,241	-	-	243,341
3591 Middle School Initiative	-	-	-	-	29,320
3592 Work-Based Learning	16,783	16,783	-	-	-
3594 EEDA At Risk Supplemental Programs	-	-	-	-	9,518
3596 EAA Alternative Schools Program	-	-	-	-	4,247
3597 Aid to Districts	130,928	130,928	-	-	287,643
3598 Cost of Allocations	-	-	-	-	22,110
3599 Other EIA	-	-	-	-	65,813
Totals	\$ 4,675,066	4,675,066	-	-	\$ 1,610,497

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

YEAR ENDED JUNE 30, 2014

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, 2014

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 7,750,298
1140 Penalties & Interest on Taxes (Independent)	212,879
1500 Earnings on Investments:	
1510 Interest on Investments	18,982
Total Revenue from Local Sources	<u>7,982,159</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption (Tier 2)	123,182
3830 Merchant's Inventory Tax	4,111
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	15,868
Total Revenue from State Sources	<u>143,161</u>
TOTAL REVENUES	<u>8,125,320</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	2,960,000
620 Interest	2,761,044
690 Other Objects (Includes Fees for Servicing Bonds)	400
Total Debt Service	<u>5,721,444</u>
TOTAL EXPENDITURES	<u>5,721,444</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	2,403,876
FUND BALANCE, Beginning of Year	<u>12,082,477</u>
FUND BALANCE, End of Year	<u>\$ 14,486,353</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, 2014

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 49,904
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	64,000
Total Revenue from Local Sources	<u>113,904</u>
TOTAL REVENUES	<u>113,904</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	2,118,281
400 Supplies and Materials	939,937
500 Capital Outlay:	
510 Land	65,895
520 Construction Services	6,691,789
530 Improvements Other Than Buildings	233,836
Total Finance and Operations	<u>10,049,738</u>
TOTAL EXPENDITURES	<u>10,049,738</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Exclude Indirect Costs)	6,900,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,900,000</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(3,035,834)
FUND BALANCE, Beginning of Year	<u>39,402,809</u>
FUND BALANCE, End of Year	<u>\$ 36,366,975</u>

(This page intentionally left blank.)

Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

Special Revenue-Food Service

The *Special Revenue - 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.

(This page intentionally left blank.)

SPECIAL REVENUE - FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2014

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 82
1600 Food Service:	
1610 Lunch Sales to Pupils	648,418
1620 Breakfast Sales to Pupils	43,583
1630 Special Sales to Pupils	388,202
1640 Lunch Sales to Adults	15,886
1650 Breakfast Sales to Adults	1,508
1660 Special Sales to Adults	27,191
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)	62,592
1990 Miscellaneous Revenue	26,458
Total Revenue from Local Sources	<u>1,213,920</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	971,128
4830 School Breakfast Program	202,657
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	158,405
Total Revenue from Federal Sources	<u>1,332,190</u>
TOTAL REVENUES	<u>2,546,110</u>
EXPENDITURES	
256 Food Service:	
100 Salaries	819,059
200 Employee Benefits	157,135
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	1,082,307
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	227,508
500 Capital Outlay	24,827
600 Other Objects	3,394
Total Food Services Expenditures	<u>2,314,230</u>
TOTAL EXPENDITURES	<u>2,314,230</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(203,031)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(203,031)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	28,849
FUND BALANCE, Beginning of Year	<u>571,264</u>
FUND BALANCE, End of Year	<u>\$ 600,113</u>

(This page intentionally left blank.)

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, 2014

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1510 Interest on Investments	\$ 2
1700 Pupil Activities:	
1720 Bookstore Sales	12,423
1740 Student Fees	137,562
1790 Other	1,622,795
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	10,142
Total Receipts from Local Sources	<u>1,782,924</u>
TOTAL RECEIPTS	<u>1,782,924</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
100 Salaries (Optional)	8,764
200 Employee Benefits (Optional)	1,321
400 Supplies and Materials (Optional)	46,831
660 Pupil Activity	27,133
Total Instruction	<u>84,049</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries (Optional)	23,953
200 Employee Benefits (Optional)	11,908
300 Purchased Services (Optional)	50,980
400 Supplies and Materials (Optional)	231,203
500 Capital Outlay (Optional)	96
660 Pupil Activity	1,379,525
Total Pupil Activity Expenditures	<u>1,697,665</u>
TOTAL DISBURSEMENTS	<u>1,781,714</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES	1,210
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>478,833</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 480,043</u>

PUPIL ACTIVITY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2014

	BALANCE- BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE- END OF YEAR
ASSETS				
Cash and Cash Equivalents	\$ 11,100	1,782,924	1,781,924	\$ 12,100
Investments	18,422	-	-	18,422
Receivables	449,336	210	-	449,546
TOTAL ASSETS	\$ 478,858	1,783,134	1,781,924	\$ 480,068
LIABILITIES				
Other Payables	\$ 25	-	-	25
Due to Student Organizations	478,833	1,210	-	480,043
TOTAL LIABILITIES	\$ 478,858	1,210	-	\$ 480,068

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2014

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	32,085,170
TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS				\$ 91,911,336

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

Fund	Amount
General Fund	\$ 63,907,304
Special Revenue Fund	3,461,840
Special Revenue - EIA Fund	4,675,066
Special Revenue - Food Service Fund	2,314,230
Debt Service Fund	5,721,444
Capital Projects Fund	10,049,738
Pupil Activity Fund	1,781,714
	\$ 91,911,336

(This page intentionally left blank.)

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

STATISTICAL SECTION

YEAR ENDED JUNE 30, 2014

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.

107

Revenue Capacity

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

113

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.

117

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.

121

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.

123

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in Capital Assets										
Restricted	\$ 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	\$ 74,238,216
Unrestricted	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	14,675,060
	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	56,690,611
Total Governmental Activities Net Position	\$ 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	\$ 145,603,887
Primary Government										
Net Investment in Capital Assets										
Restricted	\$ 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	\$ 74,238,216
Unrestricted	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	14,675,060
	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	56,690,611
Total Primary Government Net Position	\$ 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	\$ 145,603,887

CLOVER SCHOOL DISTRICT NO. 2

CLOVER, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

TABLE 2

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
Instruction	\$ 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	\$ 45,869,619
Support Services	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	35,040,645
Community Services	-	-	-	-	468	-	-	-	-	-
Intergovernmental	12,084	93,863	81,674	65,450	65,654	72,000	79,019	87,829	128,322	104,428
Interest and Other Charges	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	2,590,782
Loss on disposal of Assets	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	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	83,605,474
Total Primary Government Expenses	\$ 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	\$ 83,605,474
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	\$ 4,035	-	6,218	6,366	19,346	5,808	-	-	-	\$ -
Support Services	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	2,546,110
Operating Grants and Contributions	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	23,328,491
Total Governmental Activities Program Revenues	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	25,874,601
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (57,730,873)
Total Primary Government Net (Expense)/Revenue	\$ (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)	\$ (57,730,873)

(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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax - General Operations	\$ 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	\$ 44,750,926
Property Tax - Debt Service	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	7,970,348
State Revenue in Lieu of Taxes	-	-	-	10,190,980	10,516,488	10,790,718	10,541,351	10,912,506	11,161,951	11,354,600
Other Taxes	2,382,967	2,491,252	2,564,324	178,173	212,325	199,004	237,190	205,090	187,139	143,161
Unrestricted Investment Earnings	434,144	976,845	1,321,834	2,788,872	925,869	295,386	249,815	208,345	162,439	110,261
Miscellaneous	195,336	215,595	127,432	40,715	100,327	300,937	131,275	748,939	94,996	206,834
Total Governmental Activities	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	64,536,130
Total Primary Government	\$ 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	\$ 64,536,130
Change in Net Position:										
Governmental Activities	\$ 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	\$ 6,805,257
Total Primary Government	\$ 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	\$ 6,805,257

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									
	2005	2006	2007	2008	2009	2010	2011 ¹	2012	2013	2014
General Fund										
Pre-GASB #54 ¹										
Unreserved	\$ 11,593,258	9,096,369	12,401,089	13,382,734	14,104,489	14,156,604	-	-	-	\$ -
Post GASB #54 ¹	-	-	-	-	-	-	14,833,765	15,927,336	17,308,602	18,000,560
Unassigned							14,833,765	15,927,336	17,308,602	18,000,560
Total General Fund	<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>	<u>\$ 18,000,560</u>
All Other Governmental Funds										
Pre-GASB #54 ¹										
Reserved	\$ 5,636,574	4,070,269	4,542,357	6,861,427	19,715,821	19,549,379	-	-	-	\$ -
Unreserved, Reported In:										
Special Revenue Funds	-	-	340,493	314,157	232,473	291,481	-	-	-	-
Capital Projects Funds	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	-
Special Revenue Funds	-	-	-	-	-	-	734,859	554,398	748,225	652,053
Capital Projects Funds	-	-	-	-	-	-	3,705,278	-	-	-
Debt Service Funds	-	-	-	-	-	-	12,769,915	8,858,060	12,082,477	14,486,353
Assigned:										
Capital Projects Funds	-	-	-	-	-	-	34,388,737	37,268,385	39,402,809	36,366,975
Special Education	-	-	-	-	-	-	312,890	368,019	367,109	352,675
Total All Other Governmental Funds	<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>	<u>\$ 51,858,056</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	\$ 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	\$ 44,403,992
Property Tax - Debt Service	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	7,963,177
Investment Earnings	434,144	976,845	1,321,834	2,788,872	925,869	295,386	249,815	208,345	162,439	110,261
Other Local Sources	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	1,798,003
State Sources	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	32,068,721
Federal Sources	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	3,712,471
Intergovernmental Revenue	4,042,868	3,553,656	3,442,484	4,146,465	3,509,421	3,365,160	2,656	209	209	-
Total Revenues	\$ 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	\$ 90,056,625
Expenditures										
Current:										
Instruction	\$ 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	\$ 42,819,652
Support Services	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	34,442,732
Community Services	-	-	-	-	468	-	-	-	-	-
Intergovernmental	12,084	93,863	81,674	65,450	65,654	72,000	79,019	87,829	128,322	104,428
Capital Outlay	3,450,411	349,979	1,863,094	503,381	36,184,932	346,952	13,564,027	11,504,101	4,810,220	7,041,366
Debt Service:										
Principal	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	2,960,000
Interest and Fiscal Charges	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	2,761,444
Total Expenditures	\$ 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	\$ 90,129,622
Excess of Revenues Over (Under) Expenditures	\$ 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	\$ (72,997)

(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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	\$ 7,103,031
Transfers Out	(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)	(7,103,031)
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)	4,544,437	(117,640)	(131,000)	60,693,824	104,811	(205,000)	9,887,554	(245,090)	6,933,024	-
Net Change in Fund Balances	\$ 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	\$ (72,997)
Capital Asset Expenditures	\$ 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	\$ 7,025,997
Debt Service as a Percentage of Noncapital Expenditures	13.7%	12.2%	11.2%	9.4%	10.4%	8.1%	15.2%	14.6%	10.0%	6.9%

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				
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%
2014	\$ 113,115,406	\$ 16,897,440	\$ 20,262,978	\$ 183,116,686	\$ 333,392,510	193.00	\$ 4,894,458,079	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	
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
2014	169.000	24.000	193.000	118.000	64.500	9.400	384.900

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).

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

TABLE 7

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Taxpayer	2014			2005		
	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	\$ 70,301,600	1	21.1%	\$ 49,831,000	1	21.6%
NC Electric Membership Corp	43,569,530	2	13.1%	42,871,560	2	18.6%
Piedmont Municipal Power	29,027,770	3	8.7%	16,905,700	4	7.3%
Duke Energy Corporation	26,363,722	4	7.9%	20,571,610	3	8.9%
York Electric Coop Inc.	1,860,443	5	0.6%	1,293,680	6	0.6%
The Village At Lake Wylie LLC	1,341,600	6	0.4%	1,122,600	7	0.5%
Performance Friction Corp	1,022,226	7	0.3%	690,920	9	0.3%
Wal-Mart Real Estate Bus. Trst	810,104	8	0.2%	-		
Tuscarora Yarns Inc.	693,450	9	0.2%	-		
Lowe's Home Centers Inc.	680,932	10	0.2%	-		
Saluda River Electric Coop Inc.	-			9,975,000	5	4.3%
Four Leaf Textiles LLC	-			757,158	8	0.3%
Stowe Pharr Mills Inc.	-			611,570	10	0.3%
Totals	<u>\$ 175,671,377</u>		<u>52.7%</u>	<u>\$ 144,630,798</u>		<u>62.7%</u>

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

TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS

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	Original Tax	Levy for	Fiscal Year	Levy for	Year of the Levy	Percentage	Subsequent	Years	Amount	Percentage
							Amount	of Levy				of Levy
2005	\$ 33,490,106		\$ 6,301,708		\$ 39,791,814	\$ 38,253,096		96.1%	\$ 790,471		\$ 39,043,567	98.1%
2006	17,947,578		24,104,456		42,052,034	40,438,097		96.2%	852,588		41,290,685	98.2%
2007	37,233,175		7,834,409		45,067,584	43,030,284		95.5%	1,049,642		44,079,926	97.8%
2008	43,752,084		6,099,345		49,851,429	49,127,516		98.5%	647,714		49,775,230	99.8%
2009	47,059,168		6,794,463		53,853,631	52,674,392		97.8%	863,955		53,538,347	99.4%
2010	54,901,985		2,290,276		57,192,261	56,057,146		98.0%	967,680		57,024,826	99.7%
2011	57,241,286		2,691,387		59,932,673	58,046,838		96.9%	1,245,312		59,292,150	98.9%
2012	61,101,952		1,665,057		62,767,009	60,830,035		96.9%	2,074,037		62,904,072	100.2%
2013	60,253,377		4,392,840		64,646,217	63,504,734		98.2%	430,293		63,935,027	98.9%
2014	\$ 60,737,836		\$ 5,991,899		\$ 66,729,735	\$ 63,229,048		94.8%	-		\$ 63,229,048	94.8%

Source: York County Government

Note: Due to collections of prior year delinquents, fiscal year 2012 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			
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	77,498,926	-	77,498,926	1.1%	356
2009	74,577,930	-	74,577,930	1.0%	329
2010	71,816,934	-	71,816,934	1.0%	318
2011	73,655,938	-	73,655,938	0.9%	320
2012	65,239,942	-	65,239,942	0.8%	278
2013	60,143,946	-	60,143,946	N/A	N/A
2014	\$ 57,062,950	-	\$ 57,062,950	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.
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
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	77,498,926	5,963,067	71,535,859	2.0%	329
2009	74,577,930	9,290,287	65,287,643	1.6%	288
2010	71,816,934	11,060,374	60,756,560	1.4%	269
2011	73,655,938	12,769,915	60,886,023	1.4%	264
2012	65,239,942	8,858,060	56,381,882	1.2%	240
2013	60,143,946	12,082,477	48,061,469	1.0%	N/A
2014	\$ 57,062,950	14,486,353	\$ 42,576,597	0.9%	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.

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

Table 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2014

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Town of Clover	\$ 749,000	100.0%	\$ 749,000
York County Government	\$ 51,821,271	28.3%	14,667,206
Subtotal, Overlapping Debt			15,416,206
Clover School District Two Direct Debt			57,062,950
Total Direct and Overlapping Debt			<u>\$ 72,479,156</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).

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

TABLE 12

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

AUDITED	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	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	\$ 26,671,401
Total Net Debt Applicable to Debt Limit	8,500,000	5,000,000	1,500,000	-	-	-	5,000,000	-	-	-
Legal Debt Margin	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	\$ 26,671,401
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	46.1%	26.6%	7.2%	0.0%	0.0%	0.0%	21.1%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year

Total Assessed Value	\$ 333,392,510
Debt Limit (8% of Total Assessed Value)	26,671,401
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	55,490,000
Less: Debt Issued Through Referendum	(55,490,000)
Total Amount of Debt Applicable to Debt Limit	-

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
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	6,284	15.8%
2011	230,528	7,850,232	34,053	6,284	13.0%
2012	234,635	\$ 8,364,450	\$ 35,649	6,366	10.8%
2013	N/A	N/A	N/A	6,487	8.2%
2014	N/A	N/A	N/A	6,573	5.9%

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
This number represents the County unemployment rate.
- * In Thousands.
- ** This is the 135 day ADM and does not include 300 pre-K students.
- N/A Not Available.

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

TABLE 14

PRINCIPAL EMPLOYERS

CURRENT YEAR AND EIGHT YEARS AGO

UNAUDITED

Employer	2014			2006		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Rock Hill School District	2,209	1	2.09%	2,065	1	2.03%
Wells Fargo Home Mortgage	2,171	2	2.05%	1,500	2	1.48%
Ross Distribution	1,790	3	1.69%	852	5	0.84%
Piedmont Medical Center	1,534	4	1.45%	-		
Winthrop University	1,296	5	1.23%	-		
Fort Mill School District	1,233	6	1.17%	804	6	0.79%
Duke Power Catawba Nuclear Station	1,228	7	1.16%	1,071	3	1.06%
Clover School District	1,011	8	0.96%	794	10	0.78%
York County Government	983	9	0.93%	798	9	0.79%
Comporium Communications	852	10	0.81%	-		
Abitibi Bowater, Inc.	-			1,039	4	1.02%
Stacy's	-			800	7	0.79%
U. S. Foodservice	-			800	8	0.79%
Totals	<u>14,307</u>		<u>13.54%</u>	<u>10,523</u>		<u>10.37%</u>

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 2005 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 CLOVER SCHOOL DISTRICT NO. 2 EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Instruction										
Teachers	387	392	410	423	440	454	457	463	477	492
Librarians	10	10	10	10	10	10	11	11	11	11
Guidance	15	15	16	16	16	17	17	18	19	22
Other	121	133	134	141	137	150	143	152	143	156
Support Services										
Principals	8	8	9	9	9	9	9	9	9	10
Assistant Principals	13	14	14	14	15	16	16	16	16	16
Administration	17	19	20	21	19	21	23	22	24	25
Other	201	207	216	223	235	250	259	256	253	264
Total	772	798	829	857	881	927	935	947	952	996

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			
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	6,284	69,726,761	11,096	14.4%	69,658,464	11,085	12.2%	454	14	32.5%
2011	6,284	63,377,870	10,086	-9.1%	66,293,196	10,550	-4.8%	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%
2014	6,573	\$ 77,366,812	\$ 11,770	7.8%	\$ 81,014,692	\$ 12,325	7.5%	492	13	32.3%

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.

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

TABLE 17

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2005	2006	2007	2008	2009	2010¹	2011	2012	2013	2014
<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	277	264	251	290	276	265	263	264	373	343
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	336	355	370	389	392	329	312	328	298	291
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	354	395	449	490	496	533	509	484	453	462
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	371	402	435	476	495	358	359	352	339	369
Crowders Creek Elementary										
Square Feet	151,524	151,524	151,524	151,524	151,524	151,524	151,524	151,524	151,524	164,324
Capacity	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307
Enrollment	903	937	1,050	1,166	1,253	922	941	972	1,002	1,010
Larne Elementary										
Square Feet						121,000	121,000	121,000	121,000	121,000
Enrollment						517	529	527	477	489

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 17

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

AUDITED

School	Fiscal Year									
	2005	2006	2007	2008	2009	2010 ¹	2011	2012	2013	2014
<u>Middle School</u>										
Clover Middle										
Square Feet	90,000	90,000	90,000	90,000	90,000	142,550	142,550	142,550	142,550	142,550
Capacity	885	885	885	885	885	1,094	1,094	1,094	1,094	1,094
Enrollment	426	438	468	458	456	692	667	679	655	696
Oakridge Middle										
Square Feet						180,000	180,000	180,000	180,000	180,000
Capacity						1,000	1,000	1,000	1,000	1,000
Enrollment						788	839	869	918	920
<u>Junior High</u>										
Clover Junior High										
Square Feet	142,550	142,550	142,550	142,550	142,550					
Capacity	1,094	1,094	1,094	1,094	1,094					
Enrollment	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	359,537	359,537	359,537
Capacity	2,034	2,034	2,034	2,034	2,034	2,034	2,034	2,400	2,400	2,400
Enrollment	1,520	1,628	1,735	1,820	1,815	1,880	1,865	1,891	1,972	1,993

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, 2014

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	\$ 202,657
600	National School Lunch Program - Cash Assistance	10.555	N/A	971,128
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	158,405
TOTAL US DEPARTMENT OF AGRICULTURE				1,332,190
US DEPARTMENT OF EDUCATION				
201	Pass-through State Department of Education: Title I	84.010	14-BA-090	796,578
Total 84.010				796,578
Individuals with Disabilities Education Act				
203	Special Education - Grants to States	84.027	12-CA090	2,495
203	Special Education - Grants to States	84.027	13-CA090	478,535
203	Special Education - Grants to States	84.027	14-CA090	659,110
205	Special Education - Preschool Grants	84.173	13-CG090	33,988
205	Special Education - Preschool Grants	84.173	14-CG090	14,901
Total 84.027 & 84.173				1,189,029
207	Occupational Education - Mechatronics	84.048A	14-VA090	82,842
243	Adult Education - Basic	84.002	13-EA090	4,802
243	Adult Education - Basic	84.002	14-EA090	62,904
243	Adult Education English Literacy/Civics Grant	84.002	14-ED-090	2,500
264	ESOL - Title III	84.365	13-BP090	14,147
264	ESOL - Title III	84.365	14-BP090	9,431
267	Improving Teacher Quality	84.367	13-TQ090	78,446
267	Improving Teacher Quality	84.367	14-TQ090	61,571
TOTAL US DEPARTMENT OF EDUCATION				2,302,250
US DEPARTMENT OF DEFENSE				
277	Direct Programs: JROTC	12.000	N/A	78,031
Total US Department of Defense				78,031
TOTAL FEDERAL ASSISTANCE EXPENDED				\$ 3,712,471

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, 2014

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, 2014. 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, 2014, 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 13, 2014.

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 13, 2014

(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, 2014. 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 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, 2014.

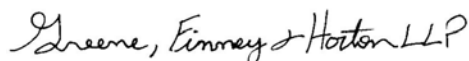
Report on Internal Control Over Compliance

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 13, 2014

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2014

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, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's 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 auditor's 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>
84.027, 84.173	Individuals with Disabilities Education Act Cluster

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 - Current Year Financial Statement Findings

NONE

Section III - Current Year Federal Award Findings and Questioned Costs

NONE