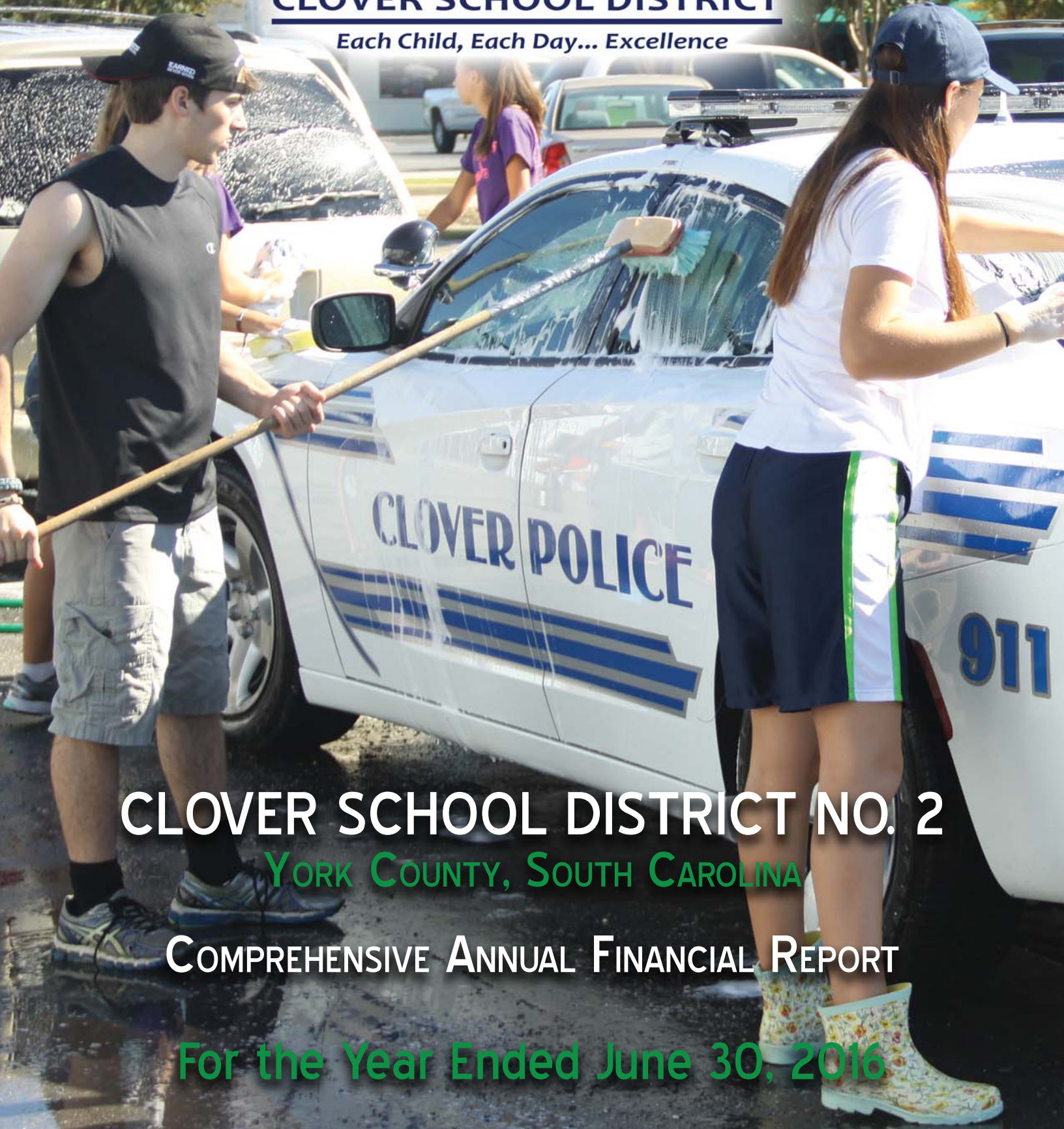




CLOVER SCHOOL DISTRICT

Each Child, Each Day... Excellence



CLOVER SCHOOL DISTRICT NO. 2

YORK COUNTY, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2016

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

Prepared By:

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

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

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

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CLOVER, SOUTH CAROLINA**

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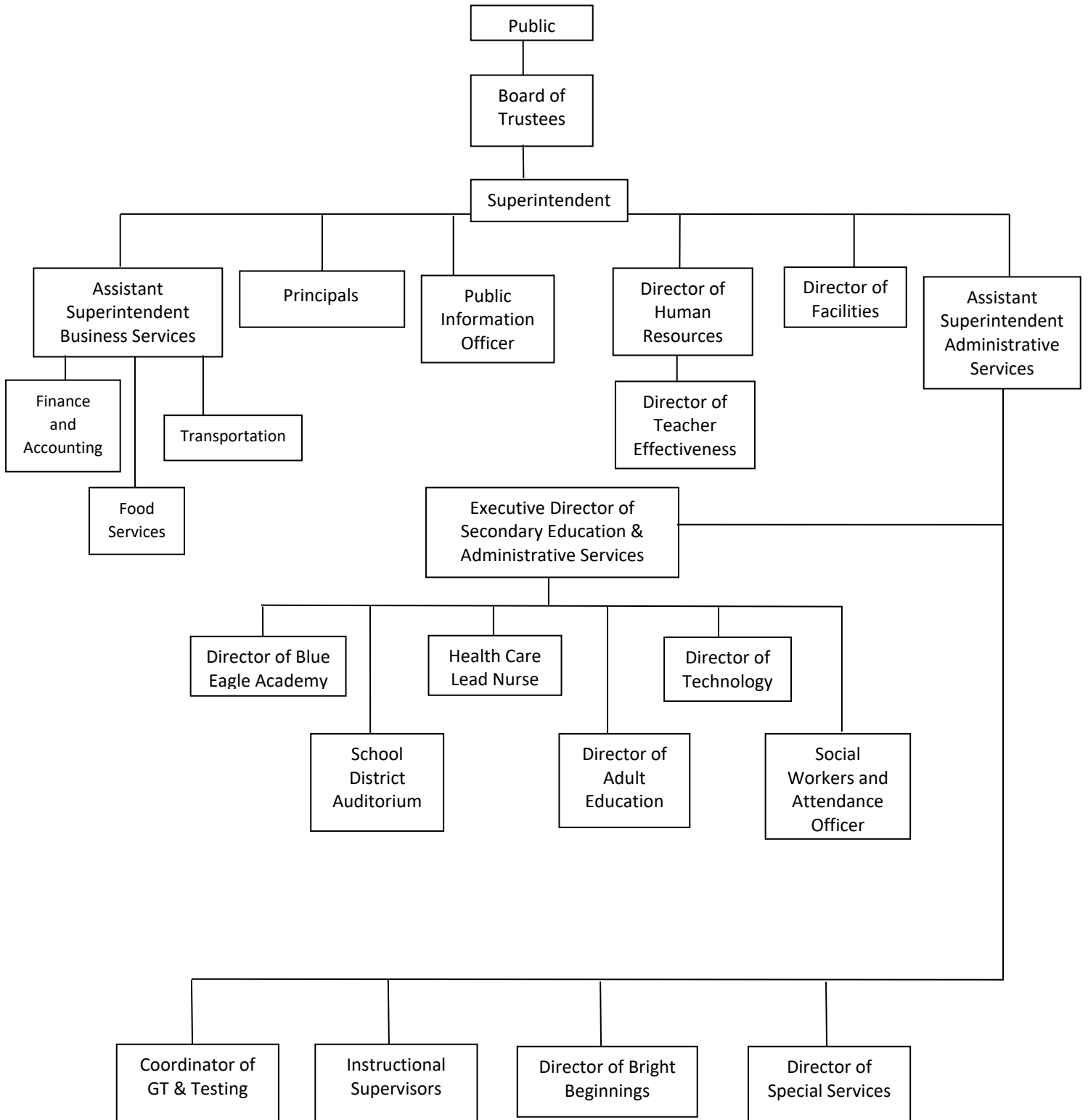
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CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

ORGANIZATION CHART



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

PRINCIPAL OFFICIALS

YEAR ENDED JUNE 30, 2016

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, Elementary Education & Instructional Services	Pam Cato
Executive Director, Secondary Education & Administrative Services	Dr. Mark Hopkins
Director of Accounting/Procurement	George Pendleton
Director of Facilities	Chris Dalton
Director of Finance	Amy Cooper
Director of Food Services	Susan Roberts
Director of Human Resources	Dr. Millicent Dickey
Director of Special Services	Laura Holland
Director of Testing	Mellanie Wall
Director of Technology	Matt Hoffman
Director of Teacher Effectiveness	Cheryl Sniker
Coordinator of Transportation	Jonathan Rudd
Public Information Officer	Bryan Dillon



November 21, 2016

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, 2016. 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, 2016 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, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the School District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this comprehensive annual financial report.

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

REPORTING ENTITY

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

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

GENERAL INFORMATION, LOCAL ECONOMIC CONDITION AND OUTLOOK

The School District is one of four K-12 school districts within York County and is located in the northern section of the County bordering North Carolina. It encompasses the entire Town of Clover and includes approximately 25% 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 7,522 students in grades pre-K through 12th and projects enrollment to increase to 7,750 students for 2016-2017 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). The active school buildings in the School District were constructed at various dates ranging from 1951 to 2012.

604 Bethel Street Clover, South Carolina 29710 Telephone 803-810-8000 FAX 803-222-8010
www.clover.k12.sc.us

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 251,195 in 2015. This figure represents an approximate 11.2% 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 \$37,903 in 2014. The County's unemployment rate was 5.4% at June 30, 2016. 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 2015-2016 fiscal year on closing the achievement gap and improving test scores. The following are initiatives implemented within the 2015-2016 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 continued 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 hosted 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:

- Construction on a new elementary school, a replacement middle school, and an aquatics center was near completion at the end of the fiscal year. The school buildings opened in August 2016, and the CSD Aquatic Center opened in October 2016.
- Renovations were completed on the district stadium.

District-Wide Accomplishments for FY 2015-2016 were as follows:

- All of the schools earned the Palmetto Gold Award from the State for General Performance. In addition four schools earned the Palmetto Gold or Silver for Closing the Achievement Gap.
- Test scores continued to exceed the state average.
- Clover High School's graduation rate remained above 90% for the second year in a row, a first for the District.
- Clover High School Academic Quiz Team earned the title of SC State Champions.
- Extracurricular activities across the District continued to excel.

- 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 continued to invest in a one-to-one technology initiative for first through twelfth grade students.
- The School District’s softball field was named the 2015 National Softball Field of the Year.

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 \$18,958,714. 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 Uniform Guidance. 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, 2015 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, 2015

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, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clover School District No. 2, South Carolina (the "School District"), as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedule for the General Fund, and the pension plan schedules, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed 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 21, 2016 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 21, 2016

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

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, 2016 ("2016") compared to the fiscal year ended June 30, 2015 ("2015"). 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 2016 are as follows:

- The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$65.1 million. Unrestricted net position was a deficit of approximately \$22.5 million. This deficit was due to the net pension liability of approximately \$88,821,000 as required by Governmental Accounting Standards Board ("GASB") statement No. 68 "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*" ("GASB #68"). The School District participates in the South Carolina Retirement System's (SCRS) pension plan, and the School District is required by GASB #68 to recognize its proportionate share of the SCRS' unfunded liabilities on the School District's government-wide financial statements.
- The School District's total net position increased by approximately \$0.1 million.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$71.6 million, a decrease of approximately \$53.4 million from the prior year. Approximately \$19.0 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 \$19.0 million, which was approximately 27% of total current year General Fund expenditures.
- The School District's total capital assets increased by approximately \$49.9 million (approximately 34%) during the current fiscal year. Key factors in this increase were capital asset additions of approximately \$53.9 million, partially offset by depreciation expense of approximately \$4.0 million.
- The School District's total debt (including premiums) decreased by approximately \$5.0 million (4%) during the fiscal year due to regularly scheduled principal payments of approximately \$4.0 million and amortization of the premium balance of approximately \$1.0 million.
- During 2016, the School District's governmental funds' revenues were approximately \$93.7 million compared to approximately \$89.3 million in the prior year. This increase of approximately \$4.5 million (5.0%) was primarily due to higher revenues from taxes and state sources.
- The School District had approximately \$147.2 million in governmental funds' expenditures, compared to approximately \$107.4 million in the prior year. This increase was primarily due to increases in support services for the General Fund, combined with an increase in construction related activities in the Capital Projects Fund, as the School District expended approximately \$53.9 million for two new schools and an aquatics center.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four 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 of resources, liabilities, and deferred inflows of resources, 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.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (Continued)

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).

Government-wide financial statements distinguish functions 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. 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.

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 and can be found as listed in the table of contents of this report.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Supplementary Information. The School District adopts an annual appropriated budget only for its General Fund. A budgetary comparison schedule has been provided as required supplementary for this fund to demonstrate compliance with the budgets. Required pension plan schedules have been included which provide relevant information regarding the School District's participation in the South Carolina Retirement System. Required supplementary information can be found as listed in the table of contents.

Supplementary Information. In addition to the financial statements, notes, and required supplementary information, this report includes certain supplementary information. The combining and individual fund financial schedules and the location reconciliation schedule can be found as listed in the table of contents of this report.

Figure A-1 Major Features of the School District's Government-Wide and Fund Financial Statements			
	Fund Financial Statements		
	Government-Wide Financial Statements	Governmental Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not 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 elements, both financial and capital, and long term obligations	All balance sheet elements that come due during the year or soon thereafter; no capital assets – or long term obligations are included	All balance sheet elements, 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, 2016

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$65.1 million and \$65.0 million at the close of the current and prior fiscal year, respectively.

The following table provides a summary of the School District's net position as of June 30, 2016 compared to June 30, 2015:

Net Position - Governmental Activities

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Assets		
Current and Other Assets	\$ 93,870,336	\$ 143,385,359
Capital Assets, Net	197,340,214	147,466,409
Total Assets	<u>291,210,550</u>	<u>290,851,768</u>
Deferred Outflows of Resources		
Deferred Pension Charges	<u>7,358,201</u>	<u>7,061,492</u>
Liabilities		
Other Liabilities	20,644,977	16,981,934
Net Pension Liability	88,821,422	80,276,580
Long-Term Liabilities	123,840,782	128,866,867
Total Liabilities	<u>233,307,181</u>	<u>226,125,381</u>
Deferred Inflows of Resources		
Deferred Pension Credits	<u>158,841</u>	<u>6,767,901</u>
Net Position		
Net Investment in Capital Assets	73,499,432	71,311,344
Restricted	14,093,259	14,976,974
Unrestricted	(22,489,962)	(21,268,340)
Total Net Position	<u>\$ 65,102,729</u>	<u>\$ 65,019,978</u>

The School District's current and other assets at June 30, 2016 decreased by approximately \$49.5 million from the prior year, primarily due to a decrease in cash held by County Treasurer as the School District expended funds for its capital projects, as noted below. The School District's capital assets at June 30, 2016 increased by approximately \$49.9 million from the prior year. The increase was primarily due to construction of the aquatic center and the new middle and elementary schools of approximately \$53.9 million, partially offset by depreciation expense of approximately \$4.0 million. Total liabilities at June 30, 2016 increased by approximately \$7.2 million from the prior year. This increase was primarily due to increase in accounts payable related to the construction activities and the net pension liability, partially offset by a decrease in long-term obligations due to regularly scheduled principal payments.

The School District's net position increased by approximately \$0.1 million during 2016, which is the result of current year revenues exceeding current year expenditures. See discussion following the next table regarding this increase.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by approximately \$65.1 million at the close of the most recent fiscal year. By far the largest portion of the School District's net position (approximately \$73.5 million) 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.

An additional portion of the School District's net position of approximately \$14.1 million 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 which had a negative balance of approximately (\$22.5 million).

The following table shows the changes in net position for 2016 compared to 2015.

Change in Net Position - Governmental Activities

Revenues	2016	2015
Program Revenues:		
Charges for Services	\$ 2,822,626	\$ 2,475,068
Operating Grants	25,403,471	24,018,620
General Revenue:		
Taxes	65,055,011	62,646,564
Other	1,043,647	509,999
Total Revenues	<u>94,324,755</u>	<u>89,650,251</u>
Program Expenses		
Instruction	48,978,990	48,992,201
Support Services	41,073,986	35,328,095
Intergovernmental	86,929	86,437
Interest and Fiscal Charges	4,102,099	6,681,996
Total Program Expenses	<u>94,242,004</u>	<u>91,088,729</u>
Change in Net Position	82,751	(1,438,478)
Net Position, Beginning of Year	<u>65,019,978</u>	<u>66,458,456</u>
Net Position, End of Year	<u>\$ 65,102,729</u>	<u>\$ 65,019,978</u>

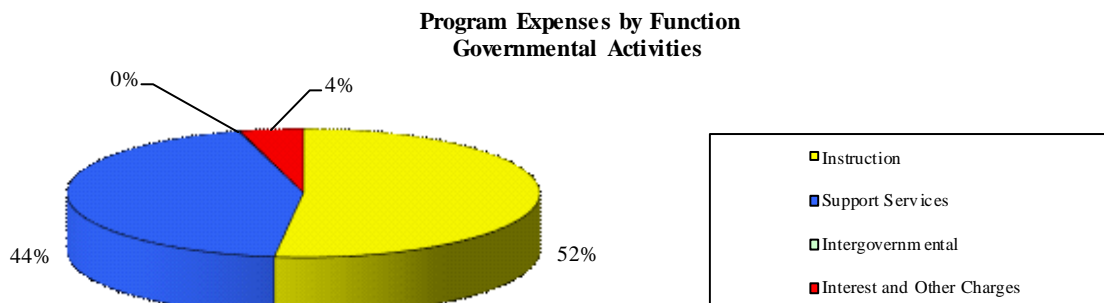
Governmental Activities. The School District's net position for Governmental Activities increased by approximately \$0.1 million or less than 1% from 2015 to 2016 due mainly to operating revenues of the School District exceeding the total expenses, as interest and fiscal charges decreased approximately \$2.6 million, property tax revenue increased approximately \$2.4 million, and operating grants and contributions increased approximately \$1.4 million, partially offset by an increase in Support Services expenditures of approximately \$5.7 million.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

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, 2016, the School District's governmental funds reported a combined fund balance of approximately \$71.6 million, which decreased approximately \$53.4 million from the prior year, as increases in the General Fund (approximately \$0.7 million) and Special Revenues funds (approximately \$0.4 million) were offset by decreases in the Capital Projects Fund (approximately \$53.5 million) and Debt Service Fund (approximately \$0.9 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, 2016, the School District's unassigned fund balance for all governmental funds was approximately \$19.0 million, consisting entirely of the General Fund. The remaining approximately \$52.6 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 \$19.0 (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 2016. 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, 2016

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 decreased by approximately \$0.9 million from the prior year's balance, primarily due to regularly scheduled principal payments. The fund balance was approximately \$14.3 million at June 30, 2016, which is restricted for the payment of debt service.

The Capital Projects Fund is utilized to account for the School District's significant capital projects transactions. The fund balance for the Capital Projects Fund decreased by approximately \$53.5 million in 2016 to approximately \$37.0 million at June 30, 2016. The decrease was primarily due to construction related expenditures of approximately \$53.9 million and approximately \$3.1 million in support services, partially offset by transfers of \$2.8 million from the General Fund and investment earnings and other local revenues of approximately \$0.6 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 2016, no amendments to the School District's General Fund revenue or expenditure budgets were made.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the School District's investment in capital assets was approximately \$197.3 million, net of accumulated depreciation. The total increase in the School District's investment in net capital assets was approximately \$49.9 million, or 34%.

The following table shows the capital asset balances as of June 30, 2016 compared to June 30, 2015:

Capital Assets - Governmental Activities

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Land	\$ 13,978,346	\$ 13,978,346
Construction in Progress	70,028,511	21,381,709
Building and Improvements	154,855,853	149,587,399
Machinery and Equipment	5,767,142	5,767,142
Less: Accumulated Depreciation	(47,289,638)	(43,248,187)
Totals	<u>\$ 197,340,214</u>	<u>\$ 147,466,409</u>

Major capital asset events during the current fiscal year included:

- Construction costs for the new middle school and elementary school, and aquatics center totaling approximately \$53.9 million.
- Depreciation expense of approximately \$4.0 million.

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

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

As shown in the table below, the School District had outstanding debt of approximately \$123.8 million and \$128.9 million as of June 30, 2016 and 2015, respectively. During 2016, the School District made regularly scheduled principal payments on debt of approximately \$4.0 million, and recognized amortization of premium of approximately \$1.0 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

<u>Long-Term Debt</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
2007-A GO Bonds	\$ 3,440,000	\$ 6,710,000
2014 GO Bonds	66,290,000	67,000,000
2015 Refunding Bonds	41,350,000	41,400,000
Premiums	12,760,782	13,756,867
	<u>\$ 123,840,782</u>	<u>\$ 128,866,867</u>

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, 2016 was approximately \$25.8 million. There was no outstanding debt that is subjected to this limit, as all debt was approved by voter referendum.

The premiums on the outstanding bonds are 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.

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 7,100 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

ECONOMIC FACTORS (CONTINUED)

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 48% of the School District's total property tax assessment. Last year, the station comprised 48% 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 approximately 99% of the taxes levied.

FY 2017 BUDGET

Many factors were considered by the School District's administration during the process of developing the fiscal year 2016-2017 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 2016-2017. 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, 2016

	PRIMARY GOVERNMENT Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 16,066,057
Cash and Cash Equivalents, Restricted	500
Cash and Investments Held by County Treasurer	72,716,018
Property Taxes Receivable, Net	3,379,296
Accounts Receivable	22,591
Due from Other Governments	1,685,874
Capital Assets:	
Non-Depreciable	84,006,857
Depreciable, Net	113,333,357
TOTAL ASSETS	291,210,550
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	7,358,201
LIABILITIES	
Accounts Payable	11,868,298
Accrued Salaries, Fringe & Benefits	5,496,522
Accrued Interest Payable	1,655,383
Unearned Revenue	1,624,774
Non-Current Liabilities:	
Net Pension Liability	88,821,422
Long Term Obligations - Due Within One Year	4,260,000
Long Term Obligations - Due in More than One Year	119,580,782
TOTAL LIABILITIES	233,307,181
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	158,841
NET POSITION	
Net Investment in Capital Assets	73,499,432
Restricted For:	
Debt Service	13,092,645
Special Revenue	35,639
Food Service	964,975
Unrestricted	(22,489,962)
TOTAL NET POSITION	\$ 65,102,729

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, 2016

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 Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities:					
Instruction	\$ 48,978,990	-	17,068,367	-	\$ (31,910,623)
Support Services	41,073,986	2,822,626	8,335,104	-	(29,916,256)
Intergovernmental	86,929	-	-	-	(86,929)
Interest and Other Charges	4,102,099	-	-	-	(4,102,099)
Total Governmental Activities	94,242,004	2,822,626	25,403,471	-	(66,015,907)
TOTAL PRIMARY GOVERNMENT	\$ 94,242,004	2,822,626	25,403,471	-	(66,015,907)
General Revenues:					
Property Taxes Levied for General Purposes					45,553,590
Property Taxes Levied for Debt Service					7,667,865
State Revenue in Lieu of Taxes					11,707,605
Other Taxes					125,951
Investment Earnings					618,448
Miscellaneous					425,199
Total General Revenues					66,098,658
CHANGE IN NET POSITION					82,751
NET POSITION - Beginning of Year					65,019,978
NET POSITION - End of Year					\$ 65,102,729

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, 2016

	GENERAL	SPECIAL REVENUE
ASSETS		
Cash and Cash Equivalents	\$ 16,064,630	-
Cash and Cash Equivalents, Restricted	-	500
Cash and Investments Held by County Treasurer	17,853,654	-
Receivables, Net:		
Taxes	2,871,329	-
Accounts	2,738	19,853
Due From:		
State Agencies	1,045,131	13,172
Federal Agencies	-	624,766
Other Funds	-	832,623
TOTAL ASSETS	\$ 37,837,482	1,490,914
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	\$ 6,746,408	21,951
Accrued Salaries, Fringe & Benefits	5,496,522	-
Due To:		
Other Funds	3,809,961	527,385
Unearned Revenue	-	541,692
TOTAL LIABILITIES	16,052,891	1,091,028
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	2,825,877	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,825,877	-
FUND BALANCES:		
Fund Balances		
Restricted For:		
Debt Service	-	-
Special Revenue	-	35,639
Food Service	-	-
Assigned For:		
Capital Projects	-	-
Special Education	-	364,247
Unassigned	18,958,714	-
TOTAL FUND BALANCES	18,958,714	399,886
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 37,837,482	1,490,914

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
-	1,427	-	-	\$ 16,066,057
-	-	-	-	500
-	-	14,079,215	40,783,149	72,716,018
-	-	507,967	-	3,379,296
-	-	-	-	22,591
2,805	-	-	-	1,061,108
-	-	-	-	624,766
1,014,353	1,032,277	160,846	1,460,898	4,500,997
1,017,158	1,033,704	14,748,028	42,244,047	\$ 98,371,333
-	-	-	5,099,939	\$ 11,868,298
-	-	-	-	5,496,522
2,805	-	-	160,846	4,500,997
1,014,353	68,729	-	-	1,624,774
1,017,158	68,729	-	5,260,785	23,490,591
-	-	490,647	-	3,316,524
-	-	490,647	-	3,316,524
-	-	14,257,381	-	14,257,381
-	-	-	-	35,639
-	964,975	-	-	964,975
-	-	-	36,983,262	36,983,262
-	-	-	-	364,247
-	-	-	-	18,958,714
-	964,975	14,257,381	36,983,262	71,564,218
1,017,158	1,033,704	14,748,028	42,244,047	\$ 98,371,333

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

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

JUNE 30, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	71,564,218
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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.	3,316,524
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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 \$244,629,852, and the accumulated depreciation is \$47,289,638.	197,340,214
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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.	(1,655,383)
--	-------------

The School District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(81,622,062)
---	--------------

Long-term liabilities, including bond premiums, 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	(111,080,000)
Net Premiums	(12,760,782)
	<hr/>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	65,102,729
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The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

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CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2016

	GENERAL	SPECIAL REVENUE
REVENUES		
Local Sources:		
Taxes	\$ 45,033,337	-
Investment Earnings	184,298	-
Other Local Sources	353,358	290,467
State Sources	28,636,556	1,115,312
Federal Sources	-	2,333,707
TOTAL REVENUES	74,207,549	3,739,486
EXPENDITURES		
Current:		
Instruction	39,176,802	2,384,570
Support Services	31,463,418	1,273,517
Intergovernmental	45,000	41,929
Capital Outlay	-	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
TOTAL EXPENDITURES	70,685,220	3,700,016
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,522,329	39,470
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	(2,800,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,800,000)	-
NET CHANGES IN FUND BALANCES	722,329	39,470
FUND BALANCE, Beginning of Year	18,236,385	360,416
FUND BALANCE, End of Year	\$ 18,958,714	399,886

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
-	-	7,609,617	-	\$ 52,642,954
-	-	98,351	335,799	618,448
-	1,269,163	-	295,950	2,208,938
4,739,290	206	125,951	-	34,617,315
-	1,324,892	-	-	3,658,599
4,739,290	2,594,261	7,833,919	631,749	93,746,254
4,041,349	-	-	-	45,602,721
697,941	2,256,625	-	3,063,770	38,755,271
-	-	-	-	86,929
-	14,459	-	53,915,256	53,929,715
-	-	4,030,000	-	4,030,000
-	-	4,750,616	-	4,750,616
4,739,290	2,271,084	8,780,616	56,979,026	147,155,252
-	323,177	(946,697)	(56,347,277)	(53,408,998)
-	-	-	2,800,000	2,800,000
-	-	-	-	(2,800,000)
-	-	-	2,800,000	-
-	323,177	(946,697)	(53,547,277)	(53,408,998)
-	641,798	15,204,078	90,530,539	124,973,216
-	964,975	14,257,381	36,983,262	\$ 71,564,218

**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, 2016

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (53,408,998)
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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.	578,500
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Repayment of bond principal including bonds that have been defeased is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.	4,030,000
--	-----------

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.	(347,568)
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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.	996,085
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Changes in the School District's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year related to the State retirement plans are not reported in the government funds but are reported in the Statement of Activities.	(1,639,073)
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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 expense. This is the amount by which capital asset additions of \$53,915,256 exceeded depreciation expense of \$4,041,451 in the current period.	49,873,805
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 82,751
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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, 2016

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 12,100
Investments	18,422
Accounts Receivable	587,637
TOTAL ASSETS	<u><u>\$ 618,159</u></u>
LIABILITIES	
Other Payables	\$ 2,738
Due to Student Organizations	615,421
TOTAL LIABILITIES	<u><u>\$ 618,159</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**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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 by GAAP 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, 2016

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.

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 generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, arbitrage, and claims and judgments, are recorded only when payment is due.

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

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. 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.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 funds:

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.

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:

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

Change in Accounting Principle

The School District implemented GASB Statement No. 72 "*Fair Value Measurement and Application*" ("GASB #72" or "Statement") for the year ended June 30, 2016. The primary objective of this Statement was to address accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The adoption of this Statement had no impact on the School District's financial statements but did result in expanded note disclosures. See Note I.C.12 and Note III.A for more information regarding the School District's fair value disclosures.

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, 2016

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 ("LGIP" or "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. 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 for identical or similar investments. 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. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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 places these funds in separate accounts with the Pool. All interest and other earnings earned (on the separate account at the Pool) are available and 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 acquisition 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, 2016

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.

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, 2016

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)*

The District currently has one type of deferred outflows of resources. The School District reports deferred pension charges in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet 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 two types of deferred inflows of resources: (1) The School District reports unavailable revenue – property taxes only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The School District also reports deferred pension credits in its Statements of Net Position in connection with its participation in the South Carolina Retirement System. These deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

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 and (b) appropriations of current fund balance (made in the annual budget process) for the succeeding budget year.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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 for the General Fund 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 and liabilities and deferred inflows of resources 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 enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

10. *Pensions*

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. See Note IV.A and the required supplementary information immediately following the notes to the financial statements for more information. The School District recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the School District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the School District's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Other Postemployment Benefits

Other Postemployment Benefits (“OPEB”) cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.B), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GAAP.

12. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School District can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The School District believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

13. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. 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.

15. Comparative Data

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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, 2016, none of the School District's total bank balances (including fiduciary funds) of approximately \$261,000 (with a carrying value of approximately \$118,000) was exposed to custodial credit risk.

Investments

As of June 30, 2016, the School District had the following investments and maturities:

Investment Type	Fair Value Level (1)	Credit Rating	Fair Value	Weighted Average Maturity Less than One Year
State Local Government Investment Pool	N/A	Unrated	\$ 15,978,813	\$ 15,978,813
Cash and Investments Held by County Treasurer	N/A	Unrated *	72,716,018	72,716,018
Total			<u>\$ 88,694,831</u>	<u>\$ 88,694,831</u>

* The County Treasurer invests the monies it holds in trust for governmental entities in separate accounts with the Pool. For weighted average maturity ("WAM") purposes, we have included the WAM of the Pool.

(1) See Note I.C.12 for details of the School District's fair value hierarchy.

N/A – Not Applicable

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, 2016, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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

B. Property Taxes and Other Receivables

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

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

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

For the year ended June 30, 2016, the operating millage rate was set at 180 mills (175 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 (24 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 \$3,379,000 (which is net of an allowance for uncollectables of approximately \$243,000) at June 30, 2016. Allowances for uncollectables were not necessary for the other receivable accounts.

Delinquent property taxes of approximately \$45,000 in the General Fund, and \$17,000 in the Debt Service Fund, have been recognized as revenue at June 30, 2016, because they were collected within 60 days after year end and are 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 (unearned revenue). At June 30, 2016, the various components of unavailable and unearned revenues were as follows:

Unavailable Revenues:

Delinquent Property Taxes Receivable (General Fund)	\$ 2,825,877
Delinquent Property Taxes Receivable (Debt Service - Fund)	490,647
Total Unavailable Revenues for Governmental Funds	<u>\$ 3,316,524</u>

Unearned Revenues:

Revenue Collected, but Unearned (Special Revenue Fund)	\$ 541,692
Revenue Collected, but Unearned (Special Revenue - EIA Fund)	1,014,353
Revenue Collected, but Unearned (Special Revenue - Food Service Fund)	68,729
Total Unearned Revenues for both Government-wide Financial Statements and Governmental Funds	<u>\$ 1,624,774</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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

D. Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2016 (all of which are expected to be repaid within one year), are as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ -	\$ 3,809,961
Special Revenue Funds:		
Special Revenue	832,623	527,385
EIA	1,014,353	2,805
Food Service	1,032,277	-
Debt Service Fund	160,846	-
Capital Projects Fund	1,460,898	160,846
Total	<u>\$ 4,500,997</u>	<u>\$ 4,500,997</u>

Most cash activities are recorded in the General Fund, and as a result, receivable 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 ends, fringe amounts paid by the General Fund for Food Service, and capital project transfers from the General Fund to the Capital Projects Fund.

E. Transfers In and (Out)

Transfers between funds for the year ended June 30, 2016, consisted of the following:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 2,800,000	\$ -
Capital Projects Fund	-	2,800,000
	<u>\$ 2,800,000</u>	<u>\$ 2,800,000</u>

During the course of normal operations, the District has transactions between funds to fund construction activities, service debt, required matches, supplemental funding, state cuts, and accounting practice. These transactions are generally reflected as transfers. The School District made transfers from the General Fund (as in the prior year) to the Capital Projects Fund in the amount of approximately \$2,800,000 for capital outlay projects. The School District made transfers between Special Revenue – EIA in the amount of approximately \$21,000 for approved flexibility spending.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 13,978,346	-	-	-	\$ 13,978,346
Construction in Progress	21,381,709	53,915,256	-	(5,268,454)	70,028,511
Total Capital Assets, Non-Depreciable	35,360,055	53,915,256	-	(5,268,454)	84,006,857
Capital Assets, Depreciable:					
Buildings and Improvements	149,587,399	-	-	5,268,454	154,855,853
Machinery and Equipment	5,767,142	-	-	-	5,767,142
Total Capital Assets, Depreciable	155,354,541	-	-	5,268,454	160,622,995
Less: Accumulated Depreciation for:					
Buildings and Improvements	39,008,807	3,665,394	-	-	42,674,201
Machinery and Equipment	4,239,380	376,057	-	-	4,615,437
Total Accumulated Depreciation	43,248,187	4,041,451	-	-	47,289,638
Total Capital Assets, Depreciable, Net	112,106,354	(4,041,451)	-	5,268,454	113,333,357
Governmental Activities Capital Assets, Net	<u>\$ 147,466,409</u>	<u>49,873,805</u>	<u>-</u>	<u>-</u>	<u>\$ 197,340,214</u>

Capital asset additions and depreciation expense were charged to functions/programs of the School District as follows:

	Capital Asset Additions	Depreciation Expense
Governmental Activities:		
Instruction	\$ -	\$ 2,273,612
Support Services	53,915,256	1,767,839
Total - Governmental Activities	<u>\$ 53,915,256</u>	<u>\$ 4,041,451</u>

G. Long-Term Obligations

The general obligation bonds ("GO") payable at June 30, 2016, were comprised of the following:

2007-A Series: Original issue of 58,500,000. Proceeds were used for construction and renovation costs in the School District. During the year ended June 30, 2015, the School District paid its regularly scheduled principal payment of \$3,120,000 and also advance refunded \$45,660,000, leaving a remaining outstanding balance of \$6,710,000 which is due as scheduled in March 2016 and March 2017 with interest at 5%.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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

G. Long-Term Obligations (Continued)

2014 Series: Original issue of 67,000,000, principal due in annual installments of \$710,000 to \$8,950,000 on March 1 beginning in 2015 through 2034; interest at 4.0% to 5.00% paid semiannually. A premium on the issuance of these bonds was received of \$5,761,855. Proceeds were used for construction and renovation costs in the School District.

2015-A Series: \$41,400,000 General Obligation Advanced Refunding Bond Series 2015-A to advance refund \$45,660,000 of the outstanding balance of the 2007-A Series. The School District placed \$49,377,714 in an irrevocable trust for the purpose of generating resources for all future debt service payments related to the bonds that were advance refunded. Accordingly, the 2007-A Series are considered to be defeased; they are expected to be redeemed on March 1, 2017. Bonds are due in annual installments ranging from \$50,000 to \$5,290,000 beginning March 2016 through March 2027 with interest at 4.00% to 5.00%. In connection with the 2015 Bond Issue, a premium of \$8,407,259 was recorded and is being amortized over the life of the bonds.

Following is a summary of changes in the School District long-term obligations for the year ended June 30, 2016:

Long-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2007-A GO Bonds *	\$ 6,710,000	-	3,270,000	3,440,000	\$ 3,440,000
2014 GO Bonds *	67,000,000	-	710,000	66,290,000	770,000
2015-A GO Bonds Refunding *	41,400,000	-	50,000	41,350,000	50,000
Total GO Bonds	115,110,000	-	4,030,000	111,080,000	4,260,000
Premiums	13,756,867	-	996,085	12,760,782	-
Total Governmental Activities	<u>\$ 128,866,867</u>	<u>-</u>	<u>5,026,085</u>	<u>123,840,782</u>	<u>\$ 4,260,000</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 the School District's general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 4,260,000	4,966,150	\$ 9,226,150
2018	4,040,000	4,753,650	8,793,650
2019	4,250,000	4,551,650	8,801,650
2020	4,465,000	4,339,150	8,804,150
2021	4,695,000	4,115,900	8,810,900
2022-2026	27,325,000	16,808,750	44,133,750
2027-2031	36,240,000	9,715,700	45,955,700
2032-2034	25,805,000	2,092,000	27,897,000
Total	<u>\$ 111,080,000</u>	<u>51,342,950</u>	<u>\$ 162,422,950</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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

G. Long-Term Obligations (Continued)

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, 2016, was approximately \$25,766,000.

IV. OTHER INFORMATION

A. Retirement Plans

The School District participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors ("PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board (State Fiscal Accountability Authority effective July 1, 2015), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems ("Systems") and serves as a co-trustee of the Systems in conducting that review.

The PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the System's Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. The PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program ("State ORP") is a defined contribution plan that is offered as an alternative to the SCRS to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012 is a Class Three member.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Membership (Continued)

- State ORP - As an alternative to membership in the SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as the SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to the SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by the SCRS.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the Budget and Control Board for approval an increase in the SCRS employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Plan Contributions (Continued)

If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

As noted earlier, both employees and the School District are required to contribute to the plans at rates established and as amended by the PEBA. The School District's contributions are actuarially determined but are communicated to and paid by the School District as a percentage of the employees' annual eligible compensation as follows for the past three years:

Required employer and employee contribution rates for the past three years are as follows:

	SCRS and State ORP Rates		
	2014	2015	2016
Employer Contribution Rate: [^]			
Retirement*	10.45%	10.75%	10.91%
Incidental Death Benefit	0.15%	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%	0.00%
	<u>10.60%</u>	<u>10.90%</u>	<u>11.06%</u>
Employee Contribution Rate	<u>7.50%</u>	<u>8.00%</u>	<u>8.16%</u>

[^] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

* Of the rate for the State ORP Plan, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The required contributions and percentages of amounts contributed by the School District to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		State ORP Contributions	
	Required	% Contributed	Required	% Contributed
2016	\$ 4,632,788	100%	\$ 269,941	100%
2015	4,518,006	100%	268,785	100%
2014	\$ 4,251,501	100%	\$ 234,916	100%

Eligible payrolls of the School District covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	State ORP Payroll	Total Payroll
2016	\$ 41,887,779	4,454,478	\$ 46,342,257
2015	41,449,598	4,555,672	46,005,270
2014	\$ 40,108,503	4,194,922	\$ 44,303,425

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study, performed on data through June 30, 2015, is currently underway.

The June 30, 2015 total pension liability, net pension liability, and sensitivity information were determined by the PEBA's consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on the July 1, 2014 actuarial valuations as adopted by the PEBA Board and Budget and Control Board which utilized membership data as of July 1, 2014. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2015 using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2014, valuations for the SCRS.

	SCRS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.50%
Projected Salary Increases*	3.5% to 12.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually

* Includes inflation at 2.75%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2014 valuations for the SCRS are as follows:

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2014 actuarial valuations, was based upon the 30 year capital market outlook at the end of the fourth quarter 2013, as developed by the Retirement Systems Investment Commission ("RSIC") in collaboration with its investment consultant, Aon Hewitt. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. Long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted by the RSIC for fiscal year 2015. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return set in statute and used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Short Term	5.0%		
Cash	2.0%	1.90%	0.04%
Short Duration	3.0%	2.00%	0.06%
Domestic Fixed Income	13.0%		
Core Fixed Income	7.0%	2.70%	0.19%
Mixed Credit	6.0%	3.80%	0.23%
Global Fixed Income	9.0%		
Global Fixed Income	3.0%	2.80%	0.08%
Emerging Markets Debt	6.0%	5.10%	0.31%
Global Public Equity	31.0%	7.10%	2.20%
Global Tactical Asset Allocation	10.0%	4.90%	0.49%
Alternatives	32.0%		
Hedge Funds (Low Beta)	8.0%	4.30%	0.34%
Private Debt	7.0%	9.90%	0.69%
Private Equity	9.0%	9.90%	0.89%
Real Estate (Broad Market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
Total Expected Real Return	100.0%		6.00%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			8.75%

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2015 measurement date, for the SCRS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 44,097,310,230	25,131,828,101	\$ 18,965,482,129	57.0%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2016, the School District reported a liability of approximately \$88,821,000 for its proportionate share of the net pension liability for the SCRS ("Plan"). The net pension liability was measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined based on the most recent actuarial valuation report as of July 1, 2014 that was projected forward to the measurement date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2015 measurement date, the School District's SCRS proportion was 0.468332 percent, which was an increase of 0.002060 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School District recognized pension expense of approximately \$6,541,000 for the SCRS. At June 30, 2016, the School District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 1,578,054	\$ 158,841
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	594,526	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	282,891	-
School District Contributions Subsequent to the Measurement Date	4,902,730	-
Total SCRS	<u>\$ 7,358,201</u>	<u>\$ 158,841</u>

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Approximately \$4,903,000 that was reported as deferred outflows of resources related to the School District's contributions subsequent to the measurement date to the SCRS, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the SCRS will increase (decrease) pension expense as follows:

Year Ended June 30,	SCRS
2017	\$ (469,672)
2018	(469,672)
2019	72,364
2020	(1,429,650)
Total	<u><u>\$ (2,296,630)</u></u>

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the School District's proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.50 percent, as well as what it would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate:

System	1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
The School District's proportionate share of the net pension liability of the SCRS	\$ 111,978,433	88,821,422	\$ 69,412,903

Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plan administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

Payable to Plans

The School District reported a payable of approximately \$888,000 to the PEBA as of June 30, 2016, representing required employer and employee contributions for the month of June 2016 for the SCRS. This amount is included in Accrued Salaries, Fringe and Benefits on the financial statements and was paid in July 2016.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

B. Other Postemployment Benefits

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State of South Carolina ("State") provides health, dental, and long-term disability benefits ("OPEB Plan") to retired State and school district employees and their covered dependents. The OPEB plans have been determined to be cost-sharing multiple-employer defined benefit plans and are administered by the Employee Insurance Program ("EIP"), a part of the State of South Carolina.

Generally, retirees are eligible for the health and dental benefits if they have established 10 years of retirement service credit. For new hires on or after May 2, 2008, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 – 24 years of service for 50% employer funding. Benefits become effective when the former employee retires under a state retirement system (i.e. SCRS, PORS, etc.). Basic long-term disability ("BLTD") benefits are provided to active state, school district and participating local government employees approved for disability. Complete financial statements for the OPEB plans may be obtained by writing to the PEBA Retirement Benefits and Insurance Benefits, 202 Arbor Lake Drive, Suite 360, Columbia, SC 29223.

The Code of Laws of the State, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriation by the General Assembly for active employees to the EIP and participating retirees to the State of South Carolina except for the portion funded through the pension surcharge (retiree surcharge) who are not funded by State General Fund appropriations. Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The School District has no liability beyond the payment of monthly contributions.

The required employer contribution surcharge percentages were 5.33%, 5.00%, and 4.92% for the years ended June 30, 2016, 2015, and 2014, respectively. The actual required employer contribution surcharge amounts were approximately \$2,470,000; \$2,300,000; and \$2,180,000 for the years ended June 30, 2016, 2015, and 2014, respectively. The actual contribution rates and amounts were 100% of the required employer contribution surcharge percentages and amounts for the OPEB Plan for all years presented.

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

IV. OTHER INFORMATION (CONTINUED)

E. Fund Balance Assignment

An additional assignment of fund balance of approximately \$2,800,000 for school capital projects was made as of June 30, 2016. 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, 2016 the Board has remaining approximately \$36,983,000 (including earned interest) in total funds assigned for construction projects.

F. Concentration of Property Tax Revenue Risk

The School District receives approximately 60% 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 completion of a new middle school and elementary school, and the completion of the aquatics center for a total commitment of approximately \$16,596,000 as of June 30, 2016.

H. Operating Lease

In March 2016, 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 \$475,000. The School District has made the first payment; the last two payments are scheduled for May 2017 and 2018.

Required Supplementary Information

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REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

YEAR ENDED JUNE 30, 2016

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 44,844,088	44,844,088	45,033,337	\$ 189,249
Investment Earnings	30,000	30,000	184,298	154,298
Other Local Sources	25,000	25,000	353,358	328,358
State Sources	28,120,299	28,120,299	28,636,556	516,257
TOTAL REVENUES	73,019,387	73,019,387	74,207,549	1,188,162
EXPENDITURES				
Current:				
Instruction	41,089,472	41,089,472	39,176,802	1,912,670
Support Services	31,804,415	31,804,415	31,463,418	340,997
Intergovernmental	45,000	45,000	45,000	-
Capital Outlay	80,500	80,500	-	80,500
TOTAL EXPENDITURES	73,019,387	73,019,387	70,685,220	2,334,167
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	3,522,329	3,522,329
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(2,800,000)	(2,800,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(2,800,000)	(2,800,000)
NET CHANGES IN FUND BALANCES	-	-	722,329	722,329
FUND BALANCES, Beginning of Year	18,236,385	18,236,385	18,236,385	-
FUND BALANCES, End of Year	\$ 18,236,385	18,236,385	18,958,714	\$ 722,329

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.

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

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2016	2015	2014
School District's Proportion of the Net Pension Liability (Asset)	0.468332%	0.466272%	0.466272%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 88,821,422	80,276,580	\$ 83,632,564
School District's Covered-Employee Payroll	\$ 46,005,270	44,303,425	\$ 42,033,818
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	193.07%	181.20%	198.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year due to the fact the State would not have the current year liability calculated until after the School District report is issued.

The School District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

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

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST THREE FISCAL YEARS

	Year Ended June 30,		
	2016	2015	2014
Contractually Required Contribution	\$ 4,902,729	4,786,791	\$ 4,486,417
Contributions in Relation to the Contractually Required Contribution:	4,902,729	4,786,791	4,486,417
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
School District's Covered-Employee Payroll	\$ 46,342,257	46,005,270	\$ 44,303,425
Contributions as a Percentage of Covered-Employee Payroll:	10.58%	10.40%	10.13%

Notes to Schedule:

The School District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

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Supplementary Information

Combining and Individual Fund Financial Schedules

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.

GENERAL FUND

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 40,955,697	40,711,615	\$ (244,082)
1140 Penalties & Interest on Taxes (Independent)	500,000	571,827	71,827
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	3,238,391	3,646,411	408,020
1240 Penalties & Interest on Taxes (Dependent)	150,000	103,484	(46,516)
1500 Earnings on Investments:			
1510 Interest on Investments	30,000	184,298	154,298
1900 Other Revenue from Local Sources:			
1910 Rentals	15,000	25,237	10,237
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	10,000	328,121	318,121
Total Revenue from Local Sources	44,899,088	45,570,993	671,905
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	666	666
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	265,000	321,108	56,108
3162 Transportation Workers' Compensation	-	23,328	23,328
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	4,161,842	4,551,153	389,311
3181 Retiree Insurance (No Carryover Provision)	1,731,614	1,607,671	(123,943)
3199 Other Restricted State Grants	-	11,837	11,837
3310 Full-Time Programs:			
3311 Kindergarten	529,602	606,469	76,867
3312 Primary	1,679,093	1,766,648	87,555
3313 Elementary	2,878,402	2,955,503	77,101
3314 High School	539,593	1,167,768	628,175
3315 Trainable Mentally Handicapped	28,578	31,258	2,680
3316 Speech Handicapped (Part-Time Program)	348,356	318,905	(29,451)
3317 Homebound	19,572	19,086	(486)
3320 Part-Time Programs:			
3321 Emotionally Handicapped	28,191	42,104	13,913
3322 Educable Mentally Handicapped	46,083	37,451	(8,632)
3323 Learning Disabilities	500,601	597,909	97,308
3324 Hearing Handicapped	15,087	16,671	1,584
3325 Visually Handicapped	21,122	20,969	(153)
3326 Orthopedically Handicapped	19,161	21,644	2,483
3327 Vocational	\$ 2,210,726	1,494,334	\$ (716,392)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
3330 Other EFA Programs:			
3331 Autism	\$ 456,490	528,857	\$ 72,367
3334 Limited English Proficiency	38,276	42,388	4,112
3352 Pupils in Poverty	686,144	745,225	59,081
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	11,321,766	11,006,480	(315,286)
3820 Homestead Exemption (Tier 2)	575,000	573,275	(1,725)
3840 Manufacturers Depreciation Reimbursement	-	40,593	40,593
3890 Other State Property Tax Revenues (Includes MC Vehicle Tax)	-	87,256	87,256
3900 Other State Revenue:			
3999 Revenue from Other State Sources	20,000	-	(20,000)
Total Revenue from State Sources	28,120,299	28,636,556	516,257
TOTAL REVENUES	73,019,387	74,207,549	1,188,162
EXPENDITURES			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,704,702	1,769,397	(64,695)
200 Employee Benefits	773,215	666,944	106,271
300 Purchased Services - Other Than Tuition	42,937	40,372	2,565
400 Supplies and Materials	25,755	24,572	1,183
112 Primary Programs:			
100 Salaries	5,647,906	5,472,649	175,257
200 Employee Benefits	2,331,426	2,008,371	323,055
300 Purchased Services - Other Than Tuition	328,396	307,800	20,596
400 Supplies and Materials	80,250	110,886	(30,636)
113 Elementary Programs:			
100 Salaries	8,554,156	8,549,731	4,425
200 Employee Benefits	3,539,580	3,009,239	530,341
300 Purchased Services - Other Than Tuition	616,328	565,133	51,195
400 Supplies and Materials	280,264	218,009	62,255
114 High School Programs:			
100 Salaries	5,912,049	5,882,287	29,762
200 Employee Benefits	2,344,722	2,061,805	282,917
300 Purchased Services	358,379	272,301	86,078
400 Supplies and Materials	278,736	223,985	54,751
600 Other Objects	176	176	-
115 Career and Technology Education Program:			
100 Salaries	978,353	888,274	90,079
200 Employee Benefits	387,121	318,059	69,062
300 Purchased Services - Other Than Tuition	25,500	20,620	4,880
400 Supplies and Materials	\$ 29,000	28,409	\$ 591

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	\$ 341,616	468,996	\$ (127,380)
200 Employee Benefits	142,077	167,461	(25,384)
300 Purchased Services	12,000	7,788	4,212
122 Trainable Mentally Handicapped:			
100 Salaries	413,644	384,775	28,869
200 Employee Benefits	192,620	157,763	34,857
300 Purchased Services	16,200	9,133	7,067
123 Orthopedically Handicapped:			
100 Salaries	24,910	44,611	(19,701)
200 Employee Benefits	10,500	19,459	(8,959)
300 Purchased Services	49,134	956	48,178
124 Visually Handicapped:			
300 Purchased Services	67,746	59,730	8,016
125 Hearing Handicapped:			
100 Salaries	61,668	61,795	(127)
200 Employee Benefits	29,655	20,832	8,823
300 Purchased Services	2,500	2,106	394
400 Supplies and Materials	149	-	149
126 Speech Handicapped:			
100 Salaries	464,420	459,249	5,171
200 Employee Benefits	177,085	163,349	13,736
300 Purchased Services	50,000	-	50,000
127 Learning Disabilities:			
100 Salaries	1,156,049	1,182,883	(26,834)
200 Employee Benefits	469,360	447,448	21,912
300 Purchased Services	47,100	45,359	1,741
128 Emotionally Handicapped:			
100 Salaries	351,409	289,958	61,451
200 Employee Benefits	148,056	107,748	40,308
300 Purchased Services	7,500	6,839	661
130 Pre-School Programs:			
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	147,617	202,989	(55,372)
200 Employee Benefits	64,480	80,712	(16,232)
300 Purchased Services	7,000	4,858	2,142
139 Early Childhood Programs:			
100 Salaries	1,241,689	1,092,075	149,614
200 Employee Benefits	540,295	439,460	100,835
300 Purchased Services	44,750	29,059	15,691
400 Supplies and Materials	29,096	25,471	3,625
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	30,709	97,326	(66,617)
200 Employee Benefits	14,329	37,227	(22,898)
300 Purchased Services	18,627	12,585	6,042
400 Supplies and Materials	1,123	1,123	-
600 Other Objects	\$ 250	-	\$ 250

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
145 Homebound:			
100 Salaries	\$ -	81,128	\$ (81,128)
200 Employee Benefits	-	19,299	(19,299)
300 Purchased Services	30,000	8,670	21,330
149 Other Special Programs:			
100 Salaries	142,429	164,192	(21,763)
200 Employee Benefits	43,866	44,694	(828)
300 Purchased Services	-	2,124	(2,124)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	141,351	104,969	36,382
200 Employee Benefits	63,312	49,364	13,948
300 Purchased Services	19,200	11,493	7,707
400 Supplies and Materials	1,500	-	1,500
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	-	31,113	(31,113)
200 Employee Benefits	-	7,558	(7,558)
173 High School Summer School:			
100 Salaries	-	39,515	(39,515)
200 Employee Benefits	-	9,582	(9,582)
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
400 Supplies and Materials	25,000	25,000	-
188 Parenting/Family Literacy:			
300 Purchased Services	4,500	4,340	160
400 Supplies and Materials	4,000	3,619	381
Total Instruction	41,089,472	39,176,802	1,912,670
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	318,840	325,480	(6,640)
200 Employee Benefits	122,835	116,075	6,760
300 Purchased Services	10,325	4,069	6,256
400 Supplies and Materials	2,000	626	1,374
212 Guidance Services:			
100 Salaries	1,099,499	951,156	148,343
200 Employee Benefits	432,417	334,523	97,894
300 Purchased Services	100	91	9
400 Supplies and Materials	\$ 3,204	3,250	\$ (46)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
213 Health Services:			
100 Salaries	\$ 650,987	483,306	\$ 167,681
200 Employee Benefits	268,617	184,880	83,737
300 Purchased Services	31,500	25,660	5,840
400 Supplies and Materials	35,000	17,010	17,990
214 Psychological Services:			
100 Salaries	214,673	213,607	1,066
200 Employee Benefits	73,942	77,140	(3,198)
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	785,902	737,811	48,091
200 Employee Benefits	263,365	223,785	39,580
300 Purchased Services	60,249	26,357	33,892
400 Supplies and Materials	225,063	137,979	87,084
600 Other Objects	2,928	1,671	1,257
222 Library and Media Services:			
100 Salaries	729,538	738,239	(8,701)
200 Employee Benefits	305,127	257,346	47,781
300 Purchased Services	11,094	9,627	1,467
400 Supplies and Materials	80,763	76,596	4,167
223 Supervision of Special Programs:			
100 Salaries	192,319	192,919	(600)
200 Employee Benefits	58,454	57,093	1,361
300 Purchased Services	39,201	5,459	33,742
400 Supplies and Materials	1,300	650	650
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	103,479	115,641	(12,162)
200 Employee Benefits	29,854	33,439	(3,585)
300 Purchased Services	112,580	74,582	37,998
400 Supplies and Materials	13,350	1,984	11,366
230 General Administrative Services:			
231 Board of Education:			
300 Purchased Services	56,000	47,552	8,448
318 Audit Services	38,500	40,000	(1,500)
400 Supplies and Materials	4,500	2,989	1,511
600 Other Objects	8,500	21,345	(12,845)
232 Office of Superintendent:			
100 Salaries	242,443	252,465	(10,022)
200 Employee Benefits	476,520	385,891	90,629
300 Purchased Services	58,500	70,684	(12,184)
400 Supplies and Materials	38,500	23,604	14,896
600 Other Objects	\$ 19,500	36,184	\$ (16,684)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
233 School Administration:			
100 Salaries	\$ 3,388,866	3,458,954	\$ (70,088)
140 Terminal Leave	-	7,800	(7,800)
200 Employee Benefits	1,245,492	1,187,032	58,460
300 Purchased Services	25,689	23,321	2,368
400 Supplies and Materials	225,719	216,334	9,385
600 Other Objects	7,356	6,592	764
250 Finance and Operations Services:			
251 Student Transportation (Federal/District Mandated):			
300 Purchased Services	-	5,985	(5,985)
252 Fiscal Services:			
100 Salaries	421,246	385,252	35,994
200 Employee Benefits	140,191	124,143	16,048
300 Purchased Services	19,000	7,796	11,204
400 Supplies and Materials	40,000	16,747	23,253
600 Other Objects	1,000	2,584	(1,584)
254 Operation and Maintenance of Plant:			
100 Salaries	2,962,028	2,721,924	240,104
140 Terminal Leave	-	1,326	(1,326)
200 Employee Benefits	1,264,800	1,061,345	203,455
300 Purchased Services	2,181,822	3,302,952	(1,121,130)
400 Supplies and Materials	3,260,379	2,879,206	381,173
500 Capital Outlay	80,500	-	80,500
600 Other Objects	6,630	1,522	5,108
255 Student Transportation (State Mandated):			
100 Salaries	961,359	918,353	43,006
200 Employee Benefits	704,989	368,539	336,450
300 Purchased Services	100,500	43,467	57,033
400 Supplies and Materials	26,500	49,689	(23,189)
256 Food Service:			
200 Employee Benefits	200,000	198,175	1,825
258 Security:			
300 Purchased Services	300,272	317,528	(17,256)
400 Supplies and Materials	2,900	-	2,900
260 Central Support Services:			
263 Information Services:			
100 Salaries	67,664	51,404	16,260
140 Terminal Leave	-	2,763	(2,763)
200 Employee Benefits	21,062	17,324	3,738
300 Purchased Services	14,000	8,089	5,911
400 Supplies and Materials	\$ 4,600	2,670	\$ 1,930

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2016

	REVISED BUDGET	ACTUAL	VARIANCE
264 Staff Services:			
100 Salaries	\$ 322,960	328,878	\$ (5,918)
200 Employee Benefits	118,352	117,047	1,305
300 Purchased Services	31,452	33,445	(1,993)
400 Supplies and Materials	12,548	9,932	2,616
600 Other Objects	1,000	1,033	(33)
266 Technology and Data Processing Services:			
100 Salaries	1,122,742	1,068,223	54,519
140 Terminal Leave	-	2,007	(2,007)
200 Employee Benefits	411,713	360,061	51,652
300 Purchased Services	395,963	450,066	(54,103)
400 Supplies and Materials	3,484,565	4,106,417	(621,852)
600 Other Objects	527	527	-
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	427,515	574,960	(147,445)
200 Employee Benefits (Optional)	124,546	113,690	10,856
300 Purchased Services (Optional)	5,000	-	5,000
400 Supplies and Materials (Optional)	440,000	599,551	(159,551)
600 Other Objects (Optional)	90,000	-	90,000
Total Support Services	31,884,915	31,463,418	421,497
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	73,019,387	70,685,220	2,334,167
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
424-710 Transfer to Capital Projects Fund	-	(2,800,000)	(2,800,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	(2,800,000)	(2,800,000)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES	-	722,329	722,329
FUND BALANCE, Beginning of Year	18,236,385	18,236,385	-
FUND BALANCE, End of Year	\$ 18,236,385	18,958,714	\$ 722,329

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, 2016

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
REVENUES		
1000 Revenue from Local Sources:		
1900 Other Revenue from Local Sources:		
1930 Medicaid	\$ -	-
1999 Revenue from Other Local Sources	-	-
Total Revenue from Local Sources	-	-
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	-	-
3130 Special Programs:		
3135 Reading Coaches	-	-
3155 DSS SNAP and E&T Program	-	-
3177 Summer Reading Camp	-	-
3190 Miscellaneous Restricted State Grants:		
3198 Technology Professional Development	-	-
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3607 6-8 Enhancement (Carryover Provision)	-	-
3610 K-5 Enhancement (Carryover Provision)	-	-
3630 K-12 Technology Initiative	-	-
3900 Other State Revenue:		
3999 Revenue from Other State Sources	-	-
Total Revenue from State Sources	-	-
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins Aid, Title I	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (EA Projects) (985)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	198,501	\$ 198,501
-	-	71,837	-	20,129	91,966
-	-	71,837	-	218,630	290,467
-	-	-	282,882	-	282,882
-	-	-	49,459	-	49,459
-	-	-	259,238	-	259,238
-	-	-	7,009	-	7,009
-	-	-	2,834	-	2,834
-	-	-	3,442	-	3,442
-	-	-	-	4,324	4,324
-	-	-	15,824	-	15,824
-	-	-	223,861	-	223,861
-	-	-	228,365	-	228,365
-	-	-	-	38,074	38,074
-	-	-	1,072,914	42,398	1,115,312
-	69,808	-	-	-	\$ 69,808

(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, 2016

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	\$ 851,527	-
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	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	1,107,762
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4900 Other Federal Sources:		
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>851,527</u>	<u>1,107,762</u>
TOTAL REVENUES	<u>851,527</u>	<u>1,107,762</u>
EXPENDITURES		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	3,311	-
400 Supplies and Materials	7,641	-
112 Primary Programs:		
100 Salaries	408,358	-
200 Employee Benefits	171,875	-
300 Purchased Services	28,176	-
400 Supplies and Materials	48,166	-
113 Elementary Programs:		
100 Salaries	72,193	-
200 Employee Benefits	28,451	-
300 Purchased Services	31,658	-
400 Supplies and Materials	\$ 20,706	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (EA Projects) (985)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	\$ 851,527
-	-	-	-	11,742	11,742
-	-	-	-	120,655	120,655
-	-	-	-	53,584	53,584
-	-	-	-	-	1,107,762
32,810	-	-	-	-	32,810
-	-	-	-	85,819	85,819
32,810	69,808	-	-	271,800	2,333,707
32,810	69,808	71,837	1,072,914	532,828	3,739,486
-	-	-	450	-	450
-	-	-	106	-	106
-	-	-	-	-	3,311
-	-	-	-	-	7,641
-	-	-	245,637	-	653,995
-	-	-	63,060	-	234,935
-	-	-	-	-	28,176
-	-	-	-	2,648	50,814
-	-	-	2,085	5,404	79,682
-	-	-	490	1,378	30,319
-	-	-	-	-	31,658
-	-	-	194,451	-	\$ 215,157

(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, 2016

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
114 High School Programs:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
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	-	110,301
200 Employee Benefits	-	57,565
300 Purchased Services	-	6,147
400 Supplies and Materials	-	833
122 Trainable Mentally Handicapped:		
100 Salaries	-	24,102
200 Employee Benefits	-	15,321
300 Purchased Services	-	2,795
400 Supplies and Materials	-	906
123 Orthopedically Handicapped:		
100 Salaries	-	21,186
200 Employee Benefits	-	9,441
124 Visually Handicapped:		
400 Supplies and Materials	-	-
125 Hearing Handicapped:		
100 Salaries	-	33,481
200 Employee Benefits	-	14,665
300 Purchased Services	-	2,163
400 Supplies and Materials	-	1,112
126 Speech Handicapped:		
100 Salaries	-	4,899
200 Employee Benefits	-	1,183
300 Purchased Services	-	2,779
400 Supplies and Materials	-	1,409
127 Learning Disabilities:		
100 Salaries	-	4,398
200 Employee Benefits	-	1,055
300 Purchased Services	-	1,605
400 Supplies and Materials	\$ -	40,127

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (EA Projects) (985)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	42,152	\$ 42,152
-	-	-	-	11,631	11,631
-	5,000	-	47,691	4,324	57,015
-	1,204	-	-	-	1,204
-	6,128	-	-	-	6,128
-	32,053	-	-	-	32,053
-	-	-	-	-	110,301
-	-	-	-	-	57,565
-	-	-	-	-	6,147
-	-	-	-	-	833
-	-	-	-	22,743	46,845
-	-	-	-	5,471	20,792
-	-	-	-	2,980	5,775
-	-	-	-	1,305	2,211
-	-	-	-	-	21,186
-	-	-	-	-	9,441
-	-	-	-	220	220
-	-	-	-	-	33,481
-	-	-	-	-	14,665
-	-	-	-	-	2,163
-	-	-	-	6,474	7,586
-	-	-	-	-	4,899
-	-	-	-	-	1,183
-	-	-	-	-	2,779
-	-	-	-	1,049	2,458
-	-	-	-	-	4,398
-	-	-	-	-	1,055
-	-	-	-	-	1,605
-	-	-	-	-	\$ 40,127

(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, 2016

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
128 Emotionally Handicapped:		
300 Purchased Services	\$ -	4,381
400 Supplies and Materials	-	299
600 Other Objects	-	150
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	37,224
200 Employee Benefits	-	20,759
300 Purchased Services	-	2,366
400 Supplies and Materials	-	653
139 Early Childhood Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
140 Special Programs:		
149 Other Special Programs:		
300 Purchased Services	-	-
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	142,297
200 Employee Benefits	-	57,412
300 Purchased Services	-	8,545
400 Supplies and Materials	-	16,616
170 Summer School Programs:		
172 Elementary Summer School:		
400 Supplies and Materials	-	-
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	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (EA Projects) (985)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	\$ 4,381
-	-	-	-	-	299
-	-	-	-	-	150
255	-	-	-	-	37,479
60	-	-	-	-	20,819
-	-	-	-	-	2,366
2,086	-	-	-	-	2,739
-	-	-	-	30,761	30,761
-	-	-	-	14,446	14,446
-	-	-	-	7,841	7,841
-	-	-	-	1,641	1,641
-	-	-	-	9,547	9,547
17,998	-	-	-	-	160,295
12,411	-	-	-	-	69,823
-	-	-	-	-	8,545
-	-	-	-	-	16,616
-	-	-	2,834	-	2,834
-	-	-	-	21,649	21,649
-	-	-	-	5,196	5,196
-	-	1,996	131	-	2,127
-	-	-	1,437	-	1,437
-	-	20,160	676	10,258	31,094
-	-	16,419	135	2,479	19,033
-	-	-	163	619	782
-	-	545	2,753	5,000	\$ 8,298

(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, 2016

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
183 Adult English Literacy (ESL):		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
188 Parenting/Family Literacy:		
300 Purchased Services	3,273	-
400 Supplies and Materials	7,159	-
Total Instruction	<u>830,967</u>	<u>648,175</u>
200 Support Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
300 Purchased Services	-	171
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
213 Health Services:		
100 Salaries	-	97,467
200 Employee Benefits	-	32,131
300 Purchased Services	-	2,473
400 Supplies and Materials	-	750
214 Psychological Services:		
100 Salaries	-	73,433
200 Employee Benefits	-	22,708
300 Purchased Services	-	1,902
400 Supplies and Materials	-	6,385
215 Exceptional Program Services:		
400 Supplies and Materials	-	15,000
600 Other Objects	-	2,309
216 Vocational Placement Services:		
300 Purchased Services	-	-
600 Other Objects	-	-
220 Instructional Staff Services:		
223 Supervision of Special Programs:		
100 Salaries	-	113,429
200 Employee Benefits	-	41,893
300 Purchased Services	1,929	2,375
400 Supplies and Materials	-	6,384
600 Other Objects	\$ -	987

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (EA Projects) (985)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	138	7,480	\$ 7,618
-	-	-	110	903	1,013
-	-	-	301	-	301
-	-	-	-	866	4,139
-	-	-	-	-	7,159
32,810	44,385	39,120	562,648	226,465	2,384,570
-	-	-	-	-	171
-	-	-	179,055	-	179,055
-	-	-	56,137	-	56,137
-	-	-	-	36,551	134,018
-	-	-	-	10,526	42,657
-	-	-	-	46,750	49,223
-	-	-	-	19,947	20,697
-	-	-	-	-	73,433
-	-	-	-	-	22,708
-	-	-	-	-	1,902
-	-	-	-	10,633	17,018
-	-	-	-	-	15,000
-	-	-	-	-	2,309
-	15,358	-	-	-	15,358
-	200	-	-	-	200
-	-	-	-	-	113,429
-	-	-	-	-	41,893
-	-	180	1,165	-	5,649
-	-	-	-	-	6,384
-	-	-	-	-	\$ 987

(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, 2016

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	\$ -	2,520
200 Employee Benefits	-	605
300 Purchased Services	18,631	22,730
400 Supplies and Materials	-	665
230 General Administration Services:		
233 School Administration:		
300 Purchased Services	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
300 Purchased Services	-	11,957
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
260 Central Support Services:		
266 Technology and Data Processing Services:		
400 Supplies and Materials	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
300 Purchased Services (Optional)	-	1,313
Total Support Services	<u>20,560</u>	<u>459,587</u>
410 Intergovernmental Expenditures:		
414 Medicaid Payments to SDE		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>851,527</u>	<u>1,107,762</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCE, Beginning of Year	<u>-</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>-</u>

Schedule B-1

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (EA Projects) (985)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	62,153	\$ 64,673
-	-	-	-	14,878	15,483
-	9,865	-	8,978	51,101	111,305
-	-	-	389	945	1,999
-	-	-	-	605	605
-	-	-	-	-	11,957
-	-	1,110	-	-	1,110
-	-	2,302	-	-	2,302
-	-	-	264,542	-	264,542
-	-	-	-	-	1,313
-	25,423	3,592	510,266	254,089	1,273,517
-	-	-	-	41,929	41,929
-	-	-	-	41,929	41,929
32,810	69,808	42,712	1,072,914	522,483	3,700,016
-	-	29,125	-	10,345	39,470
-	-	6,514	-	353,902	360,416
-	-	35,639	-	364,247	\$ 399,886

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2016

OTHER DESIGNATED RESTRICTED STATE GRANTS

918	Technology Professional Development
926	Summer Reading Camp
928	EEDA Career Specialists
933	Formative Assessment (Carryover Only)
935	Reading Coaches
937	Student Health and Fitness - PE Teachers
945	South Carolina Reading Initiative
955	DSS Snap and E&T Program
960	K-5 Enhancement (Carryover Provision)
963	Technology Initiative
965	Digital Instructional Materials
967	6-8 Enhancement (Carryover Provision)

OTHER SPECIAL REVENUE PROGRAMS

204	Recycling Education Grant
212	Ag Teacher
214	Medicaid
217	Blue Eagle Academy Donations
218	i3 Reading Recovery
219	Ready, Set Go to Work
234	School Improvement Discretionary - Optional Carryover
243	Adult Education - Federal
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, 2016

SUBFUND	REVENUE	PROGRAMS	REVENUES	EXPENDITURES	SPECIAL REVENUE		Special Revenue Fund Unearned
					INTERFUND TRANSFERS IN (OUT)	OTHER FUND TRANSFERS SOURCES (USES)	
918	3198	Technology Professional Development	\$ 3,442	3,442	-	-	\$ 22,751
926	3177	Summer Reading Camp	2,834	2,834	-	-	-
928	3118	EEDA Career Specialist	282,882	282,882	-	-	-
933	3123	Formative Assessment (Carryover Only)	-	-	-	-	18,113
935	3135	Reading Coaches	259,238	259,238	-	-	125,142
937	3127	Student Health and Fitness - PE Teachers	49,459	49,459	-	-	-
945	3195	South Carolina Reading Initiative	-	-	-	-	7,202
955	3155	DSS SNAP and EBT Program	7,009	7,009	-	-	-
960	3610	K-5 Enhancement (Carryover Provision)	223,861	223,861	-	-	-
963	3630	Technology Initiative	228,365	228,365	-	-	223,126
967	3607	6-8 Enhancement (Carryover Provision)	15,824	15,824	-	-	-
Totals			\$ 1,072,914	1,072,914	-	-	\$ 396,334

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2016

	ACTUAL
REVENUES	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	\$ 4,624
3505 Technology Support	10,000
3511 Professional Development	100,423
3518 Formative Assessment	31,415
3525 Career and Technology Education Equipment	96,368
3526 Refurbishment of K-8 Science Kits	53,783
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	994,735
3533 Teacher of the Year Awards	1,077
3538 Student at Risk of School Failure	655,658
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	142,883
3544 High Achieving Students	15,764
3550 Teacher Salary Increase (No Carryover Provision)	1,335,262
3555 Teacher Salary Fringe (No Carryover Provision)	200,261
3556 Adult Education	235,889
3557 Summer Reading Program	19,140
3558 Reading	49,802
3577 Teacher Supplies (No Carryover Provision)	137,750
3578 High Schools That Work/Making Middle Grades Work	9,934
3581 Student Health and Fitness-Nurses	177,167
3592 Work-Based Learning	33,389
3595 EEDA - Supplies and Materials	12,634
3597 Aid to Districts	421,332
Total Revenue from State Sources	<u>4,739,290</u>
TOTAL REVENUES	<u>4,739,290</u>

EXPENDITURES

100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	115,024
200 Employee Benefits	27,572
112 Primary Programs:	
100 Salaries	619,256
200 Employee Benefits	161,336
300 Purchased Services	9,340
400 Supplies and Materials	65,750
113 Elementary Programs:	
100 Salaries	992,099
200 Employee Benefits	268,299
400 Supplies and Materials	\$ 327,926

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2016

	<u>ACTUAL</u>
114 High School Programs:	
100 Salaries	\$ 371,936
200 Employee Benefits	94,006
300 Purchased Services	631
400 Supplies and Materials	41,850
115 Career and Technology Education Program:	
100 Salaries	84,424
200 Employee Benefits	19,682
300 Purchased Services - Other Than Tuition	343
400 Supplies and Materials	96,024
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	15,645
200 Employee Benefits	3,744
122 Trainable Mentally Handicapped:	
100 Salaries	12,890
200 Employee Benefits	3,060
125 Hearing Handicapped:	
100 Salaries	1,315
200 Employee Benefits	317
126 Speech Handicapped:	
100 Salaries	23,287
200 Employee Benefits	5,528
127 Learning Disabilities:	
100 Salaries	247,229
200 Employee Benefits	78,028
128 Emotionally Handicapped:	
100 Salaries	16,304
200 Employee Benefits	3,910
130 Pre-School Programs:	
137 Preschool Handicapped Self Contained (3 & 4 Yr. Olds):	
100 Salaries	12,492
200 Employee Benefits	2,978
139 Early Childhood Programs:	
100 Salaries	168,213
200 Employee Benefits	37,947
140 Special Programs:	
141 Gifted and Talented - Academic:	
300 Purchased Services	\$ 15,764

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2016

	<u>ACTUAL</u>
160 Other Exceptional Programs:	
161 Autism:	
100 Salaries	\$ 2,428
200 Employee Benefits	561
170 Summer School Programs:	
172 Elementary Summer School:	
100 Salaries	12,981
200 Employee Benefits	3,156
300 Purchased Services	269
400 Supplies and Materials	2,060
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	36,007
200 Employee Benefits	8,690
182 Adult Secondary Education Programs:	
100 Salaries	22,015
200 Employee Benefits	4,129
400 Supplies and Materials	200
183 Adult Education Literacy (ESL):	
100 Salaries	4,350
200 Employee Benefits	354
Total Instruction	<u>4,041,349</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	85,428
200 Employee Benefits	20,489
213 Health Services:	
100 Salaries	145,198
200 Employee Benefits	31,969
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	60,698
200 Employee Benefits	17,059
222 Library and Media:	
100 Salaries	42,987
200 Employee Benefits	\$ 19,623

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2016

	ACTUAL
223 Supervision of Special Programs:	
100 Salaries	\$ 120,427
200 Employee Benefits	39,718
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	360
200 Employee Benefits	86
300 Purchased Services	100,283
400 Supplies and Materials	10,369
250 Finance and Operations Services:	
251 Student Transportation (Federal/District Mandated):	
300 Purchased Services	3,247
Total Support Services	697,941
TOTAL EXPENDITURES	4,739,290
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5230 Transfer from Special Revenue EIA Fund	21,086
422-710 Transfer to EIA Fund	(21,086)
TOTAL OTHER FINANCING SOURCES (USES)	-
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, 2016

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 4,624	4,624	-	-	\$ -
3504 Continuous Improvement	-	-	-	-	12,530
3505 Technology Support	10,000	10,000	-	-	-
3511 Professional Development	100,423	100,423	-	-	16,671
3512 Technology Professional Development	-	-	-	-	37,157
3518 Formative Assessment	31,415	31,415	-	-	-
3525 Career and Technology Education Equipment	96,368	96,368	-	-	6,263
3526 Refurbishment of K-8 Science Kits	53,783	53,783	-	-	9,850
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	994,735	994,735	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3538 Student at Risk of School Failure	655,658	676,744	21,086	-	406,203
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	142,883	142,883	-	-	-
3544 High Achieving Students	15,764	15,764	-	-	-
3550 Teacher Salary Increase (No Carryover Provision)	1,335,262	1,335,262	-	-	-
3555 Teacher Salary Fringe (No Carryover Provision)	200,261	200,261	-	-	-
3556 Adult Education	235,889	235,889	-	-	-
3557 Summer Reading Program	19,140	19,140	-	-	12,601
3558 Reading	49,802	49,802	-	-	31,463
3577 Teacher Supplies (No Carryover Provision)	137,750	137,750	-	-	-
3578 High Schools That Work/Making Middle Grades Work	9,934	1,482	(8,452)	-	-
3581 Student Health and Fitness-Nurses	177,167	177,167	-	-	-
3585 Aid to Districts-Special Education	-	-	-	-	138,110
3592 Work-Based Learning	33,389	33,389	-	-	-
3595 Effective Partnerships	12,634	-	(12,634)	-	-
3597 Aid to Districts	421,332	421,332	-	-	277,692
3599 Other EIA	-	-	-	-	65,813
Totals	\$ 4,739,290	4,739,290	-	-	\$ 1,014,353

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

YEAR ENDED JUNE 30, 2016

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					

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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.

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**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, 2016

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 7,453,912
1140 Penalties & Interest on Taxes (Independent)	155,705
1500 Earnings on Investments:	
1510 Interest on Investments	98,351
Total Revenue from Local Sources	<u>7,707,968</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption (Tier 2)	125,951
Total Revenue from State Sources	<u>125,951</u>
TOTAL REVENUES	<u>7,833,919</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	4,030,000
620 Interest	4,747,603
690 Other Objects (Includes Fees for Servicing Bonds)	3,013
Total Debt Service	<u>8,780,616</u>
TOTAL EXPENDITURES	<u>8,780,616</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(946,697)
FUND BALANCE, Beginning of Year	<u>15,204,078</u>
FUND BALANCE, End of Year	<u>\$ 14,257,381</u>

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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.

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**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, 2016

	ACTUAL
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 335,799
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	295,950
Total Revenue from Local Sources	<u>631,749</u>
TOTAL REVENUES	<u>631,749</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	1,711,610
400 Supplies and Materials	1,352,159
500 Capital Outlay:	
520 Construction Services	53,770,584
530 Improvements Other Than Buildings	144,673
Total Finance and Operations	<u>56,979,026</u>
TOTAL EXPENDITURES	<u>56,979,026</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Exclude Indirect Costs)	2,800,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,800,000</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(53,547,277)
FUND BALANCE, Beginning of Year	<u>90,530,539</u>
FUND BALANCE, End of Year	<u>\$ 36,983,262</u>

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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.

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SPECIAL REVENUE - FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2016

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 39
1600 Food Service:	
1610 Lunch Sales to Pupils	604,216
1620 Breakfast Sales to Pupils	44,453
1630 Special Sales to Pupils	286,791
1640 Lunch Sales to Adults	15,492
1650 Breakfast Sales to Adults	1,400
1660 Special Sales to Adults	19,619
1900 Other Revenue from Local Sources:	
1990 Miscellaneous Revenue	297,018
1999 Revenue from Other Local Sources	135
Total Revenue from Local Sources	<u>1,269,163</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3142 Program Aid	206
Total Revenue from State Sources	<u>206</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	976,309
4830 School Breakfast Program	213,244
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	135,339
Total Revenue from Federal Sources	<u>1,324,892</u>
TOTAL REVENUES	<u>2,594,261</u>
EXPENDITURES	
256 Food Service:	
100 Salaries	812,448
200 Employee Benefits	148,925
300 Purchased Services (Exclude Energy Costs)	1,140,978
400 Supplies and Materials (Include Energy Costs)	151,419
500 Capital Outlay	14,459
600 Other Objects	2,855
Total Food Services Expenditures	<u>2,271,084</u>
TOTAL EXPENDITURES	<u>2,271,084</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	323,177
FUND BALANCE, Beginning of Year	<u>641,798</u>
FUND BALANCE, End of Year	<u>\$ 964,975</u>

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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.

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PUPIL ACTIVITY FUND

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

YEAR ENDED JUNE 30, 2016

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 11
1700 Pupil Activities:	
1710 Admissions	138,725
1720 Bookstore Sales	8,726
1740 Student Fees	114,135
1790 Other	1,763,725
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	12,261
1990 Miscellaneous Local Revenue	1,000
Total Receipts from Local Sources	<u>2,038,583</u>
TOTAL RECEIPTS	<u>2,038,583</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
100 Salaries (Optional)	4,425
200 Employee Benefits (Optional)	1,035
300 Purchased Services (Optional)	3,615
400 Supplies and Materials (Optional)	37,091
500 Capital Outlay (Optional)	2,953
660 Pupil Activity (Optional)	25,664
Total Instruction	<u>74,783</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries (Optional)	24,234
200 Employee Benefits (Optional)	13,003
300 Purchased Services (Optional)	62,294
400 Supplies and Materials (Optional)	203,832
500 Capital Outlay (Optional)	49
660 Pupil Activity (Optional)	1,445,458
Total Pupil Activity Expenditures	<u>1,748,870</u>
TOTAL DISBURSEMENTS	<u>1,823,653</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES	214,930
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>400,491</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 615,421</u>

PUPIL ACTIVITY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2016

	BALANCE- BEGINNING OF YEAR	ADDITIONS	REDUCTIONS	BALANCE- END OF YEAR
ASSETS				
Cash and Cash Equivalents	\$ 12,100	2,038,583	2,038,583	\$ 12,100
Investments	18,422	-	-	18,422
Receivables	371,398	216,239	216,239	587,637
TOTAL ASSETS	\$ 401,920	2,254,822	2,254,822	\$ 618,159
LIABILITIES				
Other Payables	\$ 1,429	1,309	-	\$ 2,738
Due to Student Organizations	400,491	214,930	214,930	615,421
TOTAL LIABILITIES	\$ 401,920	216,239	214,930	\$ 618,159

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2016

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
10	Clover High School	High School	School	\$ 18,679,270
11	Bethany Elementary	Elementary School	School	4,242,432
12	Bethel Elementary	Elementary School	School	4,804,965
13	Clover Middle	Middle School	School	32,649,407
14	Kinard Elementary	Elementary School	School	3,886,125
16	Oakridge Middle	Middle School	School	7,782,618
18	Larne Elementary	Elementary School	School	5,493,852
47	Griggs Road	Elementary School	School	6,094,934
51	Crowders Creek Elementary	Elementary School	School	8,546,995
All Others	Clover School District	Non-Schools	Central	56,798,307
TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS				\$ 148,978,905

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

Fund	Amount
General Fund	\$ 70,685,220
Special Revenue Fund	3,700,016
Special Revenue - EIA Fund	4,739,290
Special Revenue - Food Service Fund	2,271,084
Debt Service Fund	8,780,616
Capital Projects Fund	56,979,026
Pupil Activity Fund	1,823,653
	\$ 148,978,905

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

STATISTICAL SECTION

YEAR ENDED JUNE 30, 2016

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.

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Revenue Capacity

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

123

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.

127

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.

131

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.

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

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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										2015 ¹	2016
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
Governmental Activities												
Net Investment in Capital Assets	\$ 34,861,396	38,405,336	41,807,358	43,203,008	49,330,211	61,373,041	67,763,734	74,238,216	71,311,344	\$ 73,499,432		
Restricted	4,434,834	5,960,277	9,560,878	11,502,595	13,048,685	8,941,640	12,332,909	14,675,060	14,976,974	14,093,259		
Unrestricted	21,674,920	31,125,890	37,238,460	43,743,967	51,196,151	55,593,923	58,701,987	56,690,611	(21,268,340)	(22,489,962)		
Total Governmental Activities Net Position	\$ 60,971,150	75,491,503	88,606,696	98,449,570	113,575,047	125,908,604	138,798,630	145,603,887	65,019,978	\$ 65,102,729		
Primary Government												
Net Investment in Capital Assets	\$ 34,861,396	38,405,336	41,807,358	43,203,008	49,330,211	61,373,041	67,763,734	74,238,216	71,311,344	\$ 73,499,432		
Restricted	4,434,834	5,960,277	9,560,878	11,502,595	13,048,685	8,941,640	12,332,909	14,675,060	14,976,974	14,093,259		
Unrestricted	21,674,920	31,125,890	37,238,460	43,743,967	51,196,151	55,593,923	58,701,987	56,690,611	(21,268,340)	(22,489,962)		
Total Primary Government Net Position	\$ 60,971,150	75,491,503	88,606,696	98,449,570	113,575,047	125,908,604	138,798,630	145,603,887	65,019,978	\$ 65,102,729		

Note 1: The District implemented GASB #68/71 in 2015

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
Instruction	\$ 30,708,523	35,058,433	37,263,083	36,702,442	45,794,182	41,237,942	42,448,199	45,869,619	48,992,201	\$ 48,978,990
Support Services	24,897,502	25,112,929	23,980,735	32,884,022	20,419,995	29,045,695	31,783,805	35,040,645	35,328,095	41,073,986
Community Services	-	-	468	-	-	-	-	-	-	-
Intergovernmental	81,674	65,450	65,654	72,000	79,019	87,829	128,322	104,428	86,437	86,929
Interest and Other Charges	1,182,999	3,191,967	3,560,048	3,099,902	3,015,588	2,982,741	2,757,448	2,590,782	6,681,996	4,102,099
Loss on disposal of Assets	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	56,870,698	63,428,779	64,869,988	72,758,366	69,308,784	73,354,207	77,117,774	83,605,474	91,088,729	94,242,004
Total Primary Government Expenses	\$ 56,870,698	63,428,779	64,869,988	72,758,366	69,308,784	73,354,207	77,117,774	83,605,474	91,088,729	\$ 94,242,004
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	\$ 6,218	6,366	19,346	5,808	-	-	-	-	-	\$ -
Support Services	2,311,336	2,561,532	2,605,101	2,804,977	2,630,142	2,758,761	2,750,861	2,546,110	2,475,068	2,822,626
Operating Grants and Contributions	18,139,281	22,517,840	20,467,773	21,759,885	21,512,659	20,399,438	23,218,325	23,328,491	24,018,620	25,403,471
Total Governmental Activities Program Revenues	20,456,835	25,085,738	23,092,220	24,570,670	24,142,801	23,158,199	25,969,186	25,874,601	26,493,688	28,226,097
Net (Expense)/Revenue										
Governmental Activities	\$ (36,413,863)	(38,343,041)	(41,777,768)	(48,187,696)	(45,165,983)	(50,196,008)	(51,148,588)	(57,730,873)	(64,595,041)	\$ (66,015,907)
Total Primary Government Net (Expense)/Revenue	<u>\$ (36,413,863)</u>	<u>(38,343,041)</u>	<u>(41,777,768)</u>	<u>(48,187,696)</u>	<u>(45,165,983)</u>	<u>(50,196,008)</u>	<u>(51,148,588)</u>	<u>(57,730,873)</u>	<u>(64,595,041)</u>	<u>\$ (66,015,907)</u>

(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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax - General Operations	\$ 33,874,809	29,906,351	31,316,933	33,935,039	36,337,679	38,224,297	41,591,153	44,750,926	43,458,151	\$ 45,553,590
Property Tax - Debt Service	7,035,731	9,758,303	11,821,019	12,509,486	12,794,150	12,230,388	10,840,936	7,970,348	7,531,563	7,667,865
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	11,513,794	11,707,605
Other Taxes	2,564,324	178,173	212,325	199,004	237,190	205,090	187,139	143,161	143,056	125,951
Unrestricted Investment Earnings	1,321,834	2,788,872	925,869	295,386	249,815	208,345	162,439	110,261	325,828	618,448
Miscellaneous	127,432	40,715	100,327	300,937	131,275	748,939	94,996	206,834	184,171	425,199
Total Governmental Activities	44,924,130	52,863,394	54,892,961	58,030,570	60,291,460	62,529,565	64,038,614	64,536,130	63,156,563	66,098,658
Total Primary Government	\$ 44,924,130	52,863,394	54,892,961	58,030,570	60,291,460	62,529,565	64,038,614	64,536,130	63,156,563	\$ 66,098,658
Change in Net Position:										
Governmental Activities	\$ 8,510,267	14,520,353	13,115,193	9,842,874	15,125,477	12,333,557	12,890,026	6,805,257	(1,438,478)	\$ 82,751
Total Primary Government	\$ 8,510,267	14,520,353	13,115,193	9,842,874	15,125,477	12,333,557	12,890,026	6,805,257	(1,438,478)	\$ 82,751

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Pre-GASB #54 ¹										
Unreserved	\$ 12,401,089	13,382,734	14,104,489	14,156,604	-	-	-	-	-	\$ -
Post GASB #54 ¹										
Unassigned	-	-	-	-	14,833,765	15,927,336	17,308,602	18,000,560	18,236,385	18,958,714
Total General Fund	\$ 12,401,089	13,382,734	14,104,489	14,156,604	14,833,765	15,927,336	17,308,602	18,000,560	18,236,385	\$ 18,958,714
All Other Governmental Funds										
Pre-GASB #54 ¹										
Reserved	\$ 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	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	648,312	1,000,614
Capital Projects Funds	-	-	-	-	3,705,278	-	-	-	52,711,802	-
Debt Service Funds	-	-	-	-	12,769,915	8,858,060	12,082,477	14,486,353	15,204,078	14,257,381
Assigned:										
Capital Projects Funds	-	-	-	-	34,388,737	37,268,385	39,402,809	36,366,975	37,818,737	36,983,262
Special Education	-	-	-	-	312,890	368,019	367,109	352,675	353,902	364,247
Total All Other Governmental Funds	\$ 12,734,835	67,564,297	41,321,771	47,222,073	51,934,070	47,071,253	52,623,011	51,858,056	106,736,831	\$ 52,605,504

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	\$ 34,210,007	29,730,266	31,046,150	33,548,591	35,686,233	38,760,230	41,997,869	44,403,992	43,122,927	\$ 45,033,337
Property Tax - Debt Service	7,126,752	9,700,021	11,726,553	12,413,122	12,721,614	12,313,689	10,925,661	7,963,177	7,506,834	7,609,617
Investment Earnings	1,321,834	2,788,872	925,869	295,386	249,815	208,345	162,439	110,261	325,828	618,448
Other Local Sources	1,839,779	1,781,707	1,695,889	2,095,585	1,820,037	2,377,875	1,858,916	1,798,003	1,620,646	2,208,938
State Sources	15,021,348	26,319,057	25,477,622	24,569,343	27,447,753	28,917,591	31,835,994	32,068,721	32,955,916	34,617,109
Federal Sources	2,844,980	3,248,377	3,238,428	5,831,241	5,782,171	3,729,057	3,719,451	3,712,471	3,757,730	3,658,599
Intergovernmental Revenue	3,442,484	4,146,465	3,509,421	3,365,160	2,656	209	209	-	416	206
Total Revenues	\$ 65,807,184	77,714,765	77,619,932	82,118,428	83,710,279	86,306,996	90,500,539	90,056,625	89,290,297	\$ 93,746,254
Expenditures										
Current:										
Instruction	\$ 29,571,608	33,411,441	35,758,030	37,389,723	37,313,059	38,433,879	40,452,978	42,819,652	45,175,037	\$ 45,602,721
Support Services	25,195,275	42,516,654	24,362,721	32,265,038	25,985,792	28,338,035	30,264,801	34,442,732	34,430,625	38,755,271
Community Services	-	-	468	-	-	-	-	-	-	-
Intergovernmental	81,674	65,450	65,654	72,000	79,019	87,829	128,322	104,428	86,437	86,929
Capital Outlay	1,863,094	503,381	36,184,932	346,952	13,564,027	11,504,101	4,810,220	7,041,366	20,042,319	53,929,715
Debt Service:										
Principal	5,600,000	3,700,000	3,200,000	2,640,000	8,040,000	8,295,000	4,975,000	2,960,000	3,120,000	4,030,000
Interest and Fiscal Charges	1,206,219	2,400,556	3,673,709	3,247,298	3,226,778	3,172,308	2,936,194	2,761,444	4,512,679	4,750,616
Total Expenditures	\$ 63,517,870	82,597,482	103,245,514	75,961,011	88,208,675	89,831,152	83,567,515	90,129,622	107,367,097	\$ 147,155,252
Excess of Revenues Over (Under) Expenditures	\$ 2,289,314	(4,882,717)	(25,625,582)	6,157,417	(4,498,396)	(3,524,156)	6,933,024	(72,997)	(18,076,800)	\$ (53,408,998)

(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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Transfers In	\$ 799,189	10,306,576	7,110,233	10,903,369	7,000,271	11,646,620	9,686,362	7,103,031	3,250,000	\$ 2,800,000
Transfers Out	(930,189)	(10,472,176)	(7,262,733)	(11,108,369)	(7,205,361)	(11,891,710)	(9,686,362)	(7,103,031)	(3,250,000)	(2,800,000)
Premium on Bonds Sold	-	2,359,424	377,363	-	92,644	-	-	-	14,169,114	-
Issuance of General Obligation Bonds	-	58,500,000	-	-	10,000,000	-	-	-	67,000,000	-
Issuance of Refunding Bonds	-	-	14,100,000	-	-	-	-	-	41,400,000	-
Payment to Refunded Debt Escrow Agent	-	-	(14,220,052)	-	-	-	-	-	(49,377,714)	-
Total Other Financing Sources (Uses)	(131,000)	60,693,824	104,811	(205,000)	9,887,554	(245,090)	-	-	73,191,400	-
Net Change in Fund Balances	\$ 2,158,314	55,811,107	(25,520,771)	5,952,417	5,389,158	(3,769,246)	6,933,024	(72,997)	55,114,600	\$ (53,408,998)
Capital Asset Expenditures	\$ 2,651,207	17,980,791	36,893,536	3,507,833	13,904,533	11,524,345	4,810,221	7,025,997	20,003,405	\$ 53,915,256
Debt Service as a Percentage of Noncapital Expenditures	11.2%	9.4%	10.4%	8.1%	15.2%	14.6%	10.0%	6.9%	8.7%	9.4%

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				
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%
2015	113,901,215	17,019,264	22,348,717	167,053,302	320,322,498	199.00	4,802,369,305	6.7%
2016	\$ 113,125,892	18,415,416	23,245,845	168,125,953	\$ 322,913,106	204.00	\$ 4,830,687,090	6.7%

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 Millage	
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
2015	175.000	24.000	199.000	120.200	68.700	9.400	397.300
2016	180.000	24.000	204.000	120.200	69.700	9.600	403.500

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	2016			2007		
	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	\$ 61,401,400	1	19.2%	\$ 50,390,970	1	19.4%
NC Electric Membership Corp	42,696,400	2	13.3%	43,453,280	2	16.8%
Duke Energy Corporation	26,512,410	3	8.3%	19,365,860	3	7.5%
Piedmont Municipal Power	20,338,460	4	6.3%	16,915,440	4	6.5%
York Electric Coop Inc.	1,871,023	5	0.6%	1,482,763	6	0.6%
The Village At Lake Wylie LLC	1,542,840	6	0.5%	1,224,000	7	0.5%
Performance Friction Corp	897,785	7	0.3%	769,297	9	0.3%
Wal-Mart Real Estate Bus. Trst	770,118	8	0.2%	-		
Marlin Bay Dev Co LLC	737,472	9	0.2%	-		
Tuscarora Yarns Inc.	592,450	10	0.2%	-		
Saluda River Electric Coop Inc.	-			9,975,000	5	3.8%
Hamiltons Bay LLC	-			1,018,050	8	0.4%
Bellsouth Telecommunications	-			469,600	10	0.2%
Totals	\$ 157,360,358		49.1%	\$ 145,064,260		56.0%

Source: York County Government

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

PROPERTY TAX LEVIES AND COLLECTIONS

TABLE 8

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Original Tax		Adjustments to		Collected within the Fiscal			Collections in		Total Collections to Date		
	Levy for Fiscal Year	Fiscal Year	Levy for Fiscal Year	Fiscal Year	Year of the Levy		Subsequent Years	Percentage of Levy				
					Amount	Percentage of Levy		Amount	Percentage of Levy			
2007	\$	37,233,175		7,834,409	45,067,584	\$	43,030,284	\$	1,050,317	\$	44,080,601	97.8%
2008		43,752,084		6,099,345	49,851,429		49,127,516		650,849		49,778,365	99.9%
2009		47,059,168		6,794,463	53,853,631		52,674,392		869,980		53,544,372	99.4%
2010		54,901,985		2,290,276	57,192,261		56,057,146		976,418		57,033,564	99.7%
2011		57,241,286		2,691,387	59,932,673		58,046,838		1,303,988		59,350,826	99.0%
2012		61,101,952		1,665,057	62,767,009		60,830,035		1,633,892		62,463,927	99.5%
2013		60,253,377		4,392,840	64,646,217		63,504,734		502,977		64,007,711	99.0%
2014		60,737,836		5,991,899	66,729,735		63,229,048		345,942		63,574,990	95.3%
2015		58,421,223		4,724,852	63,146,075		61,938,295		337,660		62,275,955	98.6%
2016	\$	60,536,250		4,735,067	65,271,317	\$	64,004,661	\$	-	\$	64,004,661	98.1%

Source: York County Government

**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			
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	0.7%	251
2014	57,062,950	-	57,062,950	0.6%	233
2015	128,866,867	-	128,866,867	N/A	513
2016	\$ 123,840,782	-	\$ 123,840,782	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
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%	201
2014	57,062,950	14,023,007	42,576,597	0.9%	174
2015	128,866,867	14,328,662	114,538,205	2.4%	\$ 456
2016	\$ 123,840,782	13,092,645	\$ 110,748,137	2.3%	NA

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.

NA - Not available.

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

Table 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2016

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Town of Clover	\$ 901,674	100.0%	\$ 901,674
York County Government	\$ 167,813,977	25.0%	41,936,405
Subtotal, Overlapping Debt			42,838,079
Clover School District Two Direct Debt			128,866,867
Total Direct and Overlapping Debt			<u>\$ 171,704,946</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

UNAUDITED

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 20,732,596	21,126,347	22,058,902	23,144,207	23,685,409	25,092,794	25,944,864	26,671,401	25,625,800	\$ 25,833,048
Total Net Debt Applicable to Debt Limit	1,500,000	-	-	-	5,000,000	-	-	-	-	-
Legal Debt Margin	\$ 19,232,596	21,126,347	22,058,902	23,144,207	18,685,409	25,092,794	25,944,864	26,671,401	25,625,800	\$ 25,833,048
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	7.2%	0.0%	0.0%	0.0%	21.1%	0.0%	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year

Total Assessed Value	\$ 322,913,106
Debt Limit (8% of Total Assessed Value)	25,833,048
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	111,080,000
Less: Debt Issued Through Referendum	(111,080,000)
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
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	239,363	8,781,682	36,688	6,487	8.2%
2014	245,124	\$ 9,299,290	\$ 37,903	6,573	5.9%
2015	251,195	N/A	N/A	6,787	6.0%
2016	N/A	N/A	N/A	7,078	5.4%

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 NINE YEARS AGO

UNAUDITED

Employer	2016			2007		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Rock Hill School District	2,483	1	1.98%	2,185	1	2.15%
Fort Mill School District	2,442	2	1.95%	912	9	0.90%
Wells Fargo Home Mortgage	1,828	3	1.46%	1,469	4	1.45%
Lash Group	1,800	4	1.44%			
Piedmont Medical Center	1,600	5	1.28%	1,600	3	1.58%
Clover School District	1,310	6	1.05%			
Schaeffler	1,270	7	1.01%	840	10	0.83%
Duke Power Catawba Nuclear Station	1,228	8	0.98%	1,100	7	1.08%
Winthrop University	1,185	9	0.95%	1,129	6	1.11%
York County Government	1,100	10	0.88%			
Ross Distribution				1,800	2	1.77%
CitiFinancial				1,411	5	1.39%
Abitibi Bowater				957	8	0.94%
Totals	14,973		12.98%	11,809		13.20%

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.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 15

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Instruction										
Teachers	410	423	440	454	457	463	477	492	514	522
Librarians	10	10	10	10	11	11	11	11	11	11
Guidance	16	16	16	17	17	18	19	22	20	20
Other	134	141	137	150	143	152	143	156	155	154
Support Services										
Principals	9	9	9	9	9	9	9	10	10	10
Assistant Principals	14	14	15	16	16	16	16	16	16	16
Administration	20	21	19	21	23	22	24	25	25	24
Other	216	223	235	250	259	256	253	264	268	273
Total	829	857	881	927	935	947	952	996	1,019	1,030

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			
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%
2015	6,787	79,692,099	11,742	-0.2%	84,406,733	12,437	0.9%	514	13	32.7%
2016	7,078	\$ 84,444,921	\$ 11,931	1.6%	\$ 90,139,905	\$ 12,735	2.4%	522	14	32.0%

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary										
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	540
Enrollment	251	290	276	265	263	264	373	343	363	360
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	370	389	392	329	312	328	298	291	328	369
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	449	490	496	533	509	484	453	462	456	448
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	435	476	495	358	359	352	339	369	360	419
Crowders Creek Elementary										
Square Feet	151,524	151,524	151,524	151,524	151,524	151,524	151,524	164,324	164,324	164,324
Capacity	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307
Enrollment	1,050	1,166	1,253	922	941	972	1,002	1,010	1,080	1,167
Larne Elementary										
Square Feet				121,000	121,000	121,000	121,000	121,000	121,000	121,000
Capacity				750	750	750	750	750	750	750
Enrollment				517	529	527	477	489	489	476

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 17

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Middle School</u>										
Clover Middle										
Square Feet	90,000	90,000	90,000	142,550	142,550	142,550	142,550	142,550	142,550	142,550
Capacity	885	885	885	1,094	1,094	1,094	1,094	1,094	1,094	1,094
Enrollment	468	458	456	692	667	679	655	696	686	714
Oakridge Middle										
Square Feet			180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Capacity			1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment			788	839	869	918	920	970	991	
<u>Junior High</u>										
Clover Junior High										
Square Feet	142,550	142,550	142,550							
Capacity	1,094	1,094	1,094							
Enrollment	896	944	1,020							
<u>High</u>										
Clover High & Technology Center										
Square Feet	307,037	307,037	307,037	307,037	307,037	359,537	359,537	359,537	359,537	359,537
Capacity	2,034	2,034	2,034	2,034	2,034	2,400	2,400	2,400	2,400	2,400
Enrollment	1,735	1,820	1,815	1,880	1,865	1,891	1,972	1,993	2,055	2,134

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, 2016

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US DEPARTMENT OF AGRICULTURE				
Pass-through State Department of Education:				
600	National School Breakfast Program	10.553	N/A	\$ 216,651
600	National School Lunch Program - Cash Assistance	10.555	N/A	972,902
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	135,339
TOTAL US DEPARTMENT OF AGRICULTURE		Total 10.553 & 10.555 Cluster		1,324,892
US DEPARTMENT OF EDUCATION				
Pass-through State Department of Education:				
201	Title I	84.010	Title I, Part A (Regular)	851,527
		Total 84.010		851,527
Individuals with Disabilities Education Act				
203	Special Education - Grants to States	84.027	14-CA090	17,105
203	Special Education - Grants to States	84.027	15-CA090	354,848
203	Special Education - Grants to States	84.027	15 IDEA Supplemental Funds	67,957
203	Special Education - Grants to States	84.027	16 IDEA	667,852
205	Special Education - Preschool Grants	84.173	15-CG090	11,283
205	Special Education - Preschool Grants	84.173	FY 16 Preschool	21,527
		Total 84.027 & 84.173 Cluster		1,140,572
207	Occupational Education - Mechatronics	84.048A	CATE	69,808
243	Adult Education - Basic	84.002	16 Adult Education	53,584
264	ESOL - Title III	84.365	15-BP090	3,041
264	ESOL - Title III	84.365	16 English Language Acquisition	8,701
267	Improving Teacher Quality	84.367	15-TQ090	61,303
267	Improving Teacher Quality	84.367	16 Title II Improving Teacher Quality	59,352
TOTAL US DEPARTMENT OF EDUCATION				2,247,888
US DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-through Developmental Disabilities Council Office of the Governor:				
219	Ready, Set to Go to Work	93.630	05-21-0023	32,500
TOTAL US DEPARTMENT OF HEALTH AND HUMAN RESOURCES				32,500
US DEPARTMENT OF DEFENSE				
Direct Programs:				
277	JROTC	12.000	N/A	53,319
TOTAL US DEPARTMENT OF DEFENSE				53,319
TOTAL FEDERAL ASSISTANCE EXPENDED				\$ 3,658,599

Note: The School District did not have any expenditures to subrecipients for the year ended June 30, 2016.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

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, 2016. 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.

E – Indirect Cost Rate

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**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, 2016, 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 21, 2016.

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

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

Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 21, 2016



Greene Finney & Horton

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 21, 2016

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

There were no audit findings in the prior year.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

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 2 CFR 200.516 (Uniform Guidance)?	<u> </u> Yes	<u> X </u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs:	<u> \$750,000 </u>
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Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
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Section II - Current Year Financial Statement Findings

NONE

Section III - Current Year Federal Award Findings and Questioned Costs

NONE