



**CLOVER SCHOOL DISTRICT**

*Each Child, Each Day... Excellence*

# **CLOVER SCHOOL DISTRICT**

## **YORK COUNTY, SOUTH CAROLINA**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

## **For the Year Ended June 30, 2018**





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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**

**Prepared By:**

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

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CLOVER, SOUTH CAROLINA**

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**CLOVER, SOUTH CAROLINA**

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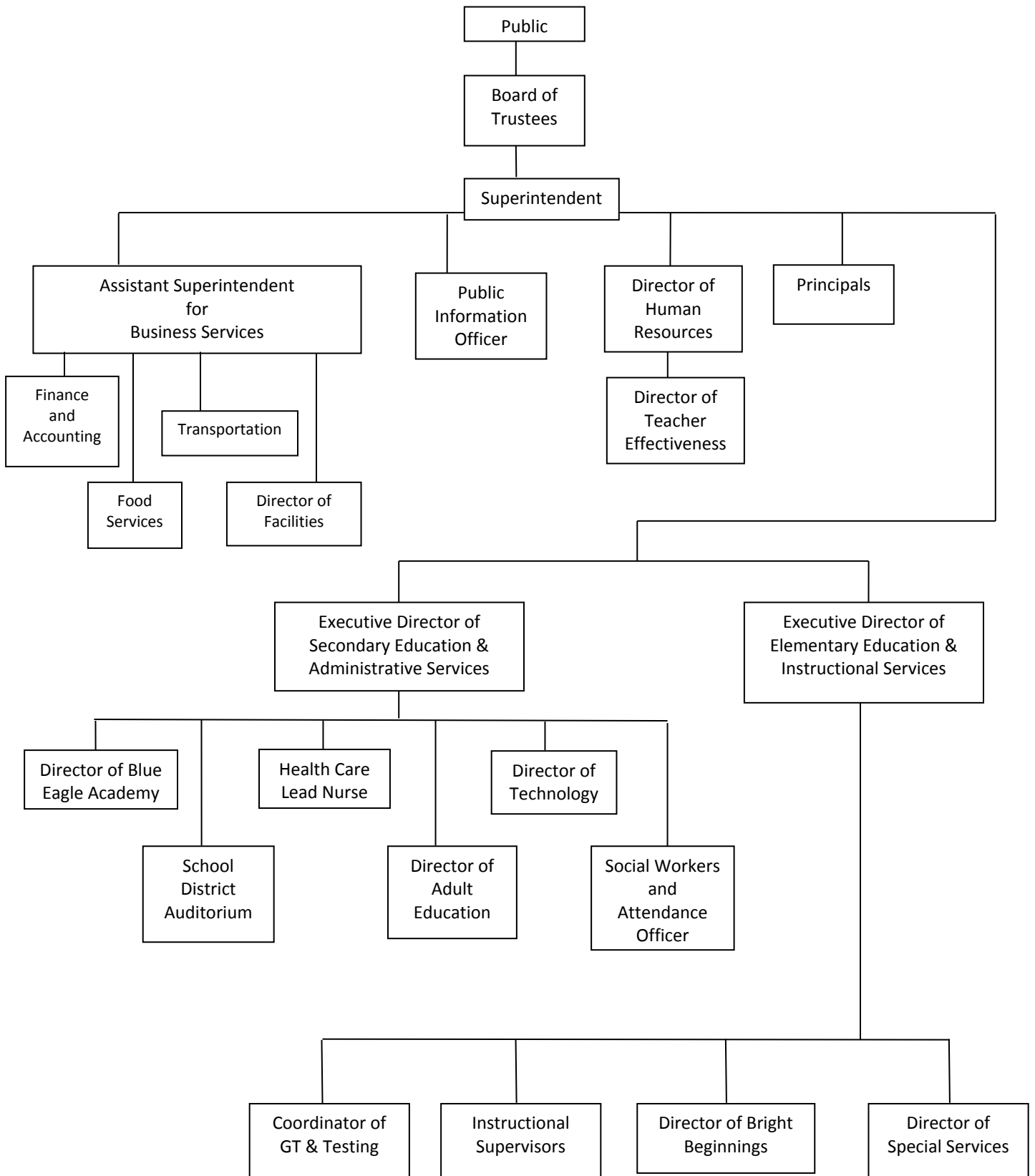
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CLOVER SCHOOL DISTRICT NO. 2  
CLOVER, SOUTH CAROLINA

ORGANIZATION CHART



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

**PRINCIPAL OFFICIALS**

**YEAR ENDED JUNE 30, 2018**

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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 as of June 30, 2018**

Mack McCarter, Chairman  
Joe Gordon, Vice-Chairman  
Sherri Ciurlik  
Jay Young  
Elizabeth Johnson  
Ginger Marr  
Rob Wallace

**Administrative**

<b><u>Title</u></b>	<b><u>Name</u></b>
Superintendent	Dr. Sheila Quinn (effective July 1, 2018)
Assistant Superintendent, Business Services	Kenneth Love, CPA, RSBA
Executive Director, Elementary Education & Instructional Services	Dr. Millicent Dickey
Executive Director, Secondary Education & Administrative Services	Dr. Mark Hopkins
Director of Accounting/Procurement	George Pendleton
Director of Facilities	Donnie Grice
Director of Finance	Amy Cooper
Director of Food Services	Susan Roberts
Director of Human Resources	Tony Hemingway
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 29, 2018

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, 2018. 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, 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, 2018 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, 2018 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 26% 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 7,793 students in grades pre-K through 12<sup>th</sup> and projects enrollment to increase to 8,300 students for 2018-2019 fiscal year. The School District currently operates ten 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), Oarkidge 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 2017.

During the 2016-2017 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 266,439 in 2017. This figure represents an approximate 18% 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 \$40,561 in 2016. The County's unemployment rate was 4.0% at June 30, 2018. 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, 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 2017-2018 fiscal year on closing the achievement gap and improving test scores. The following are initiatives implemented within the 2017-2018 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:

- Renovation of the Ninth Grade Campus was completed near the beginning of the fiscal year.

#### District-Wide Accomplishments for FY 2017-2018 were as follows:

- Fourth grade had the highest average mean score in the state of SC on the SCPASS Science.
- The District was one of 13 districts in the state who surpassed the state average in every category of the Kindergarten Readiness Assessment.
- Increased the percentage of students passing Advanced Placement exams from 61.8% in 2017 to 71.4% in 2018.
- Clover High School's graduation rate remained above 90% for the third year in a row, a first for the District.
- Extracurricular activities across the District continued to excel.
- The School District has over 100 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.

## **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 30<sup>th</sup>. 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 \$21,289,930. 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, 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 2018. 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, 2017 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, 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, 2017**

*Christopher P. Morill*

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Clover School District No. 2**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

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



Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

John D. Musso, CAE  
Executive Director



# Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## 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, 2018, 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, 2018, 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.

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### ***Change in Accounting Principle***

As discussed in Note I.B in the notes to the financial statements, for the year ended June 30, 2018 the School District adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, the budgetary comparison schedule – General Fund, the pension plan schedules, and the other postemployment benefit 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 GASB 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 29, 2018 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, LLP*

Greene Finney, LLP  
Mauldin, South Carolina  
November 29, 2018

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

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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, 2018 ("2018" or "FY 18") compared to the fiscal year ended June 30, 2017 ("2017" or "FY 17"). 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 2018 are as follows:

- The liabilities and deferred inflows of resources of the School District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by approximately \$15.1 million. Unrestricted net position was a deficit of approximately \$118.8 million. This deficit in unrestricted net position is a result of accounting standards that were implemented in 2015 and 2018, which resulted in the School District recording a net pension liability and related deferred pension balances for its participation in the South Carolina Retirement System ("SCRS") and a net OPEB liability and related deferred OPEB balances for its participation in the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF").
- Excluding the impact of the new OPEB liability, the School District's total net position increased by approximately \$1.2 million.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$62.5 million, an increase of approximately \$6.4 million from the prior year. Approximately \$21.3 million (34% 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 \$21.3 million, which was approximately 28% of total current year General Fund expenditures.
- The School District's total capital assets decreased by approximately \$5.2 million (approximately 2%) during the current fiscal year. Key factors in this decrease was depreciation expense of approximately \$6.0 million, partially offset by capital asset additions of approximately \$0.8 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 2018, the School District's governmental funds' revenues were approximately \$105.9 million, compared to approximately \$99.1 million in the prior year. This increase of approximately \$6.8 million (7%) was primarily due to higher revenues from taxes and state sources.
- The School District had approximately \$99.5 million in governmental funds' expenditures, compared to approximately \$114.6 million in the prior year. This decrease was primarily due to a decrease in construction related activities in the Capital Projects Fund, as the School District expended approximately \$17.7 million in the prior year for new schools and an aquatics center compared to \$0.7 million in the current year for the Ninth Grade Campus.
- The School District adopted Government Accounting Standards Board ("GASB") Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"* ("GASB #75") for the year ended June 30, 2018. GASB #75 requires the School District to recognize a net OPEB liability and any related deferred outflows/inflows of resources for any material amounts related to its participation in the South Carolina Retiree Health Insurance Trust Fund and the South Carolina Long-Term Disability Insurance Trust Fund, cost-sharing multiple-employer defined benefit OPEB plans ("OPEB Plans"), on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. The adoption has resulted in the restatement of the School District's net position as of July 1, 2017 for its government-wide financial statements to reflect the reporting of a net OPEB liability and deferred outflows of resources for its OPEB Plans in accordance with the provisions of GASB #75. Net position of the School District's government-wide financial statements as of July 1, 2017 was decreased by approximately \$81.6 million, reflecting the cumulative change in accounting principle related to the adoption of GASB #75. See Note IV.B in the notes to the financial statements for more information regarding the School District's OPEB Plans.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

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**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, the required supplementary information, and supplementary information), *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.

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.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and can be found as listed in the table of contents of this report.

**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 and OPEB plan schedules have been included which provide relevant information regarding the School District's participation in the SCRS and SCRHITF. 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			
	Government-Wide Financial Statements	Fund 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"> <li>Statement of Net Position</li> <li>Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet</li> <li>Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>Statement of Fiduciary Assets and Liabilities</li> </ul>
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, 2018**

**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, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately \$15.1 million and assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$65.3 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, 2018 compared to June 30, 2017:

**Net Position - Governmental Activities**

	<u>June 30, 2018 *</u>	<u>June 30, 2017</u>
<b>Assets</b>		
Current and Other Assets	\$ 76,211,296	\$ 69,855,956
Capital Assets, Net	204,844,985	210,072,421
Total Assets	<u>281,056,281</u>	<u>279,928,377</u>
<b>Deferred Outflows of Resources</b>		
Deferred Pension Charges	17,063,673	14,846,307
Deferred OPEB Charges	2,837,238	-
Total Deferred Outflows of Resources	<u>19,900,911</u>	<u>14,846,307</u>
<b>Liabilities</b>		
Other Liabilities	10,982,580	11,552,696
Net Pension Liability	104,465,568	97,777,928
Net OPEB Liability	78,604,206	-
Long-Term Liabilities	113,548,612	118,584,697
Total Liabilities	<u>307,600,966</u>	<u>227,915,321</u>
<b>Deferred Inflows of Resources</b>		
Deferred Pension Credits	1,068,695	1,594,671
Deferred OPEB Credits	7,431,529	-
Total Deferred Inflows of Resources	<u>8,500,224</u>	<u>1,594,671</u>
<b>Net Position</b>		
Net Investment in Capital Assets	91,296,373	91,487,724
Restricted	12,376,418	12,691,979
Unrestricted	(118,816,789)	(38,915,011)
Total Net Position	<u>\$ (15,143,998)</u>	<u>\$ 65,264,692</u>

\* The School District adopted GASB #75 in FY 2018. See Financial Highlights section for more details.

The School District's current and other assets at June 30, 2018 increased by approximately \$6.4 million from the prior year primarily due to an increase in cash held by County Treasurer, partially offset by a decrease in capital assets as depreciation expense exceeded additions in the current year. Total liabilities at June 30, 2018 increased by approximately \$79.7 million from the prior year. This increase was primarily due to the School District implementing GASB #75 for its participation in the SCRHITF and an increase in the net pension liability, partially offset by a decrease in long-term obligations primarily due to regularly scheduled principal payments.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The School District's net position increased by approximately \$1.2 million during 2018, which is the result of current year revenues exceeding current year expenditures. See discussion following the next table regarding this increase.

Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources (net position) by approximately \$15.1 million at the close of the most recent fiscal year. By far the largest portion of the School District's net position (approximately \$91.3 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 \$12.4 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 (\$118.8 million).

The following table shows the changes in net position for 2018 compared to 2017.

**Change in Net Position - Governmental Activities**

<b>Revenues</b>	<b>2018 *</b>	<b>2017</b>
Program Revenues:		
Charges for Services	\$ 3,148,848	\$ 2,767,862
Operating Grants	31,294,145	28,505,365
General Revenue:		
Taxes	69,326,321	66,974,651
Other	1,540,870	1,312,267
Total Revenues	<u>105,310,184</u>	<u>99,560,145</u>
<b>Program Expenses</b>		
Instruction	56,328,453	53,003,830
Support Services	44,121,822	42,410,293
Intergovernmental	-	82,815
Interest and Fiscal Charges	3,691,845	3,901,244
Total Program Expenses	<u>104,142,120</u>	<u>99,398,182</u>
Change in Net Position	<u>1,168,064</u>	<u>161,963</u>
Net Position, Beginning of Year, As Previously Reported	65,264,692	65,102,729
Cumulative Change in Accounting Principle - GASB #75	(81,576,754)	-
Net Assets, Beginning of Year - Adjusted	<u>(16,312,062)</u>	<u>65,102,729</u>
Net Position, End of Year	<u>\$ (15,143,998)</u>	<u>\$ 65,264,692</u>

\* The School District adopted GASB #75 in FY 18. See Financial Highlights section for more details.

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

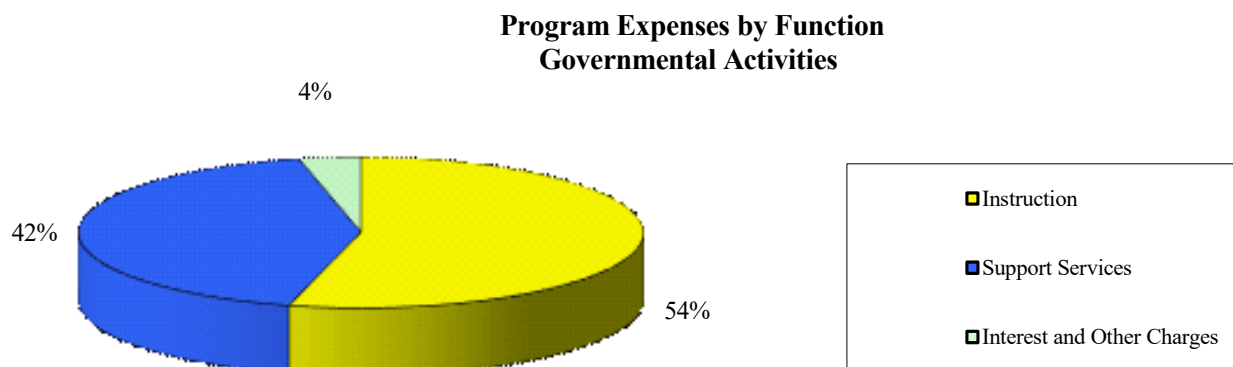
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The School District's net position increased by approximately \$1.2 million, or 2%, in 2018 due mainly to operating revenues of the School District exceeding total expenses, as interest and fiscal charges decreased approximately \$0.2 million, property tax revenue increased approximately \$2.2 million, and operating grants and contributions increased approximately \$2.8 million, partially offset by an increase in Support Services expenses of approximately \$1.7 million and an increase in Instruction expenses of approximately \$3.3 million.



**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, 2018, the School District's governmental funds reported a combined fund balance of approximately \$62.5 million, which increased approximately \$6.4 million from the prior year, as an increase in the General Fund (approximately \$1.4 million) and Capital Projects Fund (approximately \$5.5 million) was offset by a decrease in the Debt Service Fund (approximately \$0.5 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, 2018, the School District's unassigned fund balance for all governmental funds was approximately \$21.3 million, consisting entirely of the General Fund. The remaining approximately \$41.2 million is primarily restricted, committed, or assigned for special education, capital projects, repairs for one-to-one devices, 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 \$21.3 million. The fund balance for the School District's General Fund increased by approximately \$1.4 million (7%) during 2018. 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 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 increased approximately \$40 thousand compared to the prior year, primarily due to revenues exceeding expenditures.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

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

**Governmental Funds (Continued)**

The Debt Service 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 \$0.5 million from the prior year's balance, primarily due to regularly scheduled principal payments. The fund balance was approximately \$12.6 million at June 30, 2018, 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 increased by approximately \$5.5 million in 2018 to approximately \$26.8 million at June 30, 2018. The increase was primarily due to transfers of \$7.0 million from the General Fund and investment earnings and other local revenues of approximately \$0.4 million, partially offset by capital outlay of approximately \$0.7 million and approximately \$1.3 million in support services.

**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 2018, 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 2018, the School District's investment in capital assets was approximately \$204.8 million, net of accumulated depreciation. The total decrease in the School District's investment in net capital assets was approximately \$5.2 million, or 2%.

The following table shows the capital asset balances as of June 30, 2018 compared to June 30, 2017:

**Capital Assets - Governmental Activities**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Land	\$ 13,978,346	\$ 13,978,346
Construction in Progress	-	9,718,670
Building and Improvements	243,035,823	232,600,503
Machinery and Equipment	6,615,657	6,574,237
Less: Accumulated Depreciation	(58,784,841)	(52,799,335)
Totals	<u>\$ 204,844,985</u>	<u>\$ 210,072,421</u>

Major capital asset events during the current fiscal year included:

- Construction costs for Ninth Grade Campus and other capital assets totaling approximately \$0.8 million.
- Depreciation expense of approximately \$6.0 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, 2018**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

***Debt Administration***

As shown in the table below, the School District had outstanding debt of approximately \$113.5 million and \$118.6 million as of June 30, 2018 and 2017, respectively. During 2018, 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, 2018</u>	<u>June 30, 2017</u>
2014 GO Bonds	\$ 64,715,000	\$ 65,520,000
2015 Refunding Bonds	38,065,000	41,300,000
Premiums	10,768,612	11,764,697
	<u>\$ 113,548,612</u>	<u>\$ 118,584,697</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, 2018 was approximately \$27.4 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 are 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 2012 population of 5,293. 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 ten schools and has a total enrollment of approximately 7,200 students. The School District in its present form was established in 1953 when five former school districts were consolidated into the School District.

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

Duke Power Company has constructed the Catawba Nuclear Station consisting of two nuclear units estimated to cost approximately \$4 billion. The combined number of employees for the Catawba Nuclear Station and Duke Power Company is approximately 1,200. Unit 1 was placed in commercial operation in June, 1985 and was in the School District's tax base for tax year 1986-87. Commercial operation of Unit 2 commenced in August, 1987 and was in the School District's tax base for tax year 1987-88.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2018**

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**ECONOMIC FACTORS (CONTINUED)**

Ownership of the Catawba Nuclear Station is comprised of North Carolina Municipal Power Agency (41%), North Carolina Electric Membership Association (27%), Piedmont Municipal Power Agency (13%), and Duke Power (19%). 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 2019 BUDGET**

Many factors were considered by the School District's administration during the process of developing the fiscal year 2018-2019 budget which is balanced without using reserve funds. The School District's top goal was to improve academic achievement. Salary increases for employees range from 0% to 3.0% for budget year 2018-2019. 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, 2018**

	<b>PRIMARY GOVERNMENT Governmental Activities</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 17,933,693
Cash and Cash Equivalents, Restricted	500
Cash and Investments Held by County Treasurer	52,024,410
Property Taxes Receivable, Net	4,422,492
Accounts Receivable	43,227
Due from Other Governments	1,786,974
Capital Assets:	
Non-Depreciable	13,978,346
Depreciable, Net	190,866,639
<b>TOTAL ASSETS</b>	<b>281,056,281</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Pension Charges	17,063,673
Deferred Other Postemployment Benefit Charges	2,837,238
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>19,900,911</b>
<b>LIABILITIES</b>	
Accounts Payable	2,438,532
Accrued Salaries, Fringe and Benefits	5,832,759
Accrued Interest Payable	1,517,217
Unearned Revenue	1,194,072
Non-Current Liabilities:	
Net Pension Liability	104,465,568
Net Other Postemployment Benefit Liability	78,604,206
Long Term Obligations - Due Within One Year	4,250,000
Long Term Obligations - Due in More than One Year	109,298,612
<b>TOTAL LIABILITIES</b>	<b>307,600,966</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Pension Credits	1,068,695
Deferred Other Postemployment Benefit Credits	7,431,529
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>8,500,224</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	91,296,373
Restricted For:	
Debt Service	11,657,155
Adult Education Program	98,364
Food Service	620,899
Unrestricted	(118,816,789)
<b>TOTAL NET POSITION</b>	<b>\$ (15,143,998)</b>

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, 2018**

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
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities:					
Instruction	\$ 56,328,453	-	20,560,350	-	\$ (35,768,103)
Support Services	44,121,822	3,148,848	10,733,795	-	(30,239,179)
Interest and Other Charges	3,691,845	-	-	-	(3,691,845)
Total Governmental Activities	104,142,120	3,148,848	31,294,145	-	(69,699,127)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 104,142,120</b>	<b>3,148,848</b>	<b>31,294,145</b>	<b>-</b>	<b>(69,699,127)</b>
General Revenues:					
Property Taxes Levied for General Purposes					49,172,095
Property Taxes Levied for Debt Service					8,031,572
State Revenue in Lieu of Taxes					11,964,875
Other Taxes					157,779
Investment Earnings					895,166
Miscellaneous					645,704
Total General Revenues					70,867,191
<b>CHANGE IN NET POSITION</b>					<b>1,168,064</b>
NET POSITION - Beginning of Year, as Originally Reported					65,264,692
Cumulative Change in Accounting Principle - GASB 75					(81,576,754)
FUND BALANCE, Beginning of Year, Restated					(16,312,062)
<b>NET POSITION - End of Year</b>					<b>\$ (15,143,998)</b>

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, 2018**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 17,665,127	-
Cash and Cash Equivalents, Restricted	-	500
Cash and Investments Held by County Treasurer	23,542,375	-
Receivables, Net:		
Taxes	3,823,177	-
Accounts	1,429	41,798
Due From:		
State Agencies	1,078,079	12,504
Federal Agencies	-	686,023
Other Funds	-	606,442
Other Governments	-	10,368
<b>TOTAL ASSETS</b>	<b>\$ 46,110,187</b>	<b>1,357,635</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Accounts Payable	\$ 2,416,582	21,950
Accrued Salaries, Fringe and Benefits	5,832,759	-
Due To:		
Other Funds	12,183,725	629,009
Unearned Revenue	-	234,962
<b>TOTAL LIABILITIES</b>	<b>20,433,066</b>	<b>885,921</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue - Property Taxes	3,704,197	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,704,197</b>	<b>-</b>
<b>FUND BALANCES:</b>		
Fund Balances		
Restricted For:		
Debt Service	-	-
Adult Education Program	-	98,364
Food Service	-	-
Committed For:		
Repairs for One-to-One Devices	682,994	-
Assigned For:		
Capital Projects	-	-
Special Education (Medicaid)	-	373,350
Unassigned	21,289,930	-
<b>TOTAL FUND BALANCES</b>	<b>21,972,924</b>	<b>471,714</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 46,110,187</b>	<b>1,357,635</b>

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
-	268,566	-	-	\$ 17,933,693
-	-	-	-	500
-	-	12,414,211	16,067,824	52,024,410
-	-	599,315	-	4,422,492
-	-	-	-	43,227
-	-	-	-	1,090,583
-	-	-	-	686,023
874,181	437,262	160,846	10,894,849	12,973,580
-	-	-	-	10,368
<b>874,181</b>	<b>705,828</b>	<b>13,174,372</b>	<b>26,962,673</b>	<b>\$ 89,184,876</b>
-	-	-	-	\$ 2,438,532
-	-	-	-	5,832,759
-	-	-	160,846	12,973,580
874,181	84,929	-	-	1,194,072
<b>874,181</b>	<b>84,929</b>	<b>-</b>	<b>160,846</b>	<b>22,438,943</b>
-	-	577,978	-	4,282,175
-	-	577,978	-	4,282,175
-	-	12,596,394	-	12,596,394
-	-	-	-	98,364
-	620,899	-	-	620,899
-	-	-	-	682,994
-	-	-	26,801,827	26,801,827
-	-	-	-	373,350
-	-	-	-	21,289,930
-	620,899	12,596,394	26,801,827	62,463,758
<b>874,181</b>	<b>705,828</b>	<b>13,174,372</b>	<b>26,962,673</b>	<b>\$ 89,184,876</b>

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

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

**JUNE 30, 2018**

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>62,463,758</b>
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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.	4,282,175
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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 \$263,629,826, and the accumulated depreciation is \$58,784,841.	204,844,985
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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.	(1,517,217)
--	-------------

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.	(88,470,590)
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The School District's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State OPEB plan is not recorded in the governmental funds but is recorded in the Statement of Net Position.	(83,198,497)
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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	(102,780,000)	
Net Premiums	(10,768,612)	(113,548,612)
	<hr/>	<hr/>

<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>(15,143,998)</u></b>
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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, 2018**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>
<b>REVENUES</b>		
Local Sources:		
Taxes	\$ 48,719,732	-
Investment Earnings	516,113	-
Other Local Sources	506,074	350,038
State Sources	35,036,213	1,852,675
Federal Sources	-	2,746,546
<b>TOTAL REVENUES</b>	<b>84,778,132</b>	<b>4,949,259</b>
<b>EXPENDITURES</b>		
Current:		
Instruction	43,198,302	2,193,298
Support Services	33,154,227	2,110,591
Intergovernmental	45,000	654,172
Capital Outlay	24,182	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
<b>TOTAL EXPENDITURES</b>	<b>76,421,711</b>	<b>4,958,061</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>8,356,421</b>	<b>(8,802)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	-	-
Transfers Out	(7,000,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(7,000,000)</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>1,356,421</b>	<b>(8,802)</b>
FUND BALANCE, Beginning of Year	20,616,503	480,516
<b>FUND BALANCE, End of Year</b>	<b>\$ 21,972,924</b>	<b>471,714</b>

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

<b>SPECIAL REVENUE - EIA</b>	<b>SPECIAL REVENUE - FOOD SERVICE</b>	<b>DEBT SERVICE</b>	<b>CAPITAL PROJECTS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
-	-	7,990,413	-	\$ 56,710,145
-	-	156,270	222,783	895,166
-	1,329,981	-	215,043	2,401,136
4,745,504	227	157,779	-	41,792,398
-	1,364,633	-	-	4,111,179
<b>4,745,504</b>	<b>2,694,841</b>	<b>8,304,462</b>	<b>437,826</b>	<b>105,910,024</b>
4,051,776	-	-	-	49,443,376
661,348	2,640,883	-	1,253,463	39,820,512
-	-	-	-	699,172
32,380	13,888	-	716,649	787,099
-	-	4,040,000	-	4,040,000
-	-	4,755,263	-	4,755,263
<b>4,745,504</b>	<b>2,654,771</b>	<b>8,795,263</b>	<b>1,970,112</b>	<b>99,545,422</b>
<b>-</b>	<b>40,070</b>	<b>(490,801)</b>	<b>(1,532,286)</b>	<b>6,364,602</b>
-	-	-	7,000,000	7,000,000
-	-	-	-	(7,000,000)
-	-	-	7,000,000	-
<b>-</b>	<b>40,070</b>	<b>(490,801)</b>	<b>5,467,714</b>	<b>6,364,602</b>
-	580,829	13,087,195	21,334,113	56,099,156
<b>-</b>	<b>620,899</b>	<b>12,596,394</b>	<b>26,801,827</b>	<b>\$ 62,463,758</b>

**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, 2018**

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<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>6,364,602</b>
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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.	493,521
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Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.	4,040,000
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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.	67,333
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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.	(3,944,298)
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Changes in the School District's proportionate share of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources for the current year related to the State OPEB plan are not reported in the government funds but are reported in the Statement of Activities.	(1,621,743)
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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 depreciation expense of \$5,985,506 exceeded capital asset additions of \$758,070 in the current period.	(5,227,436)
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>1,168,064</u></b>
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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, 2018**

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	<u>AGENCY</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 12,212
Investments	18,422
Accounts Receivable	716,120
<b>TOTAL ASSETS</b>	<u><u>\$ 746,754</u></u>
<b>LIABILITIES</b>	
Other Payables	\$ 1,429
Due to Student Organizations	745,325
<b>TOTAL LIABILITIES</b>	<u><u>\$ 746,754</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, 2018**

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*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.

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, 2018

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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*. 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, 2018

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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** generally use 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, 2018**

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**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 adopted GASB Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“GASB #75”) for the year ended June 30, 2018. The primary objective of GASB #75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (“OPEB”). It also improves information provided by state and local government employers about financial support for OPEB that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple-employer plan will now be required to recognize its proportionate share of the net OPEB liability of that plan. It is GASB’s intention that GASB #75 will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the School District’s financial obligations to current and former employees for past services rendered.

In particular, GASB #75 requires the School District to recognize a net OPEB liability, any related deferred outflows/inflows of resources, and a more comprehensive measure of OPEB expense for any material amounts related to its participation in the South Carolina Retiree Health Insurance Trust Fund and the South Carolina Long-Term Disability Insurance Trust Fund, cost-sharing multiple-employer defined benefit OPEB plans (“OPEB Plans”), on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

The adoption has resulted in the restatement of the School District’s net position as of July 1, 2017 for its government-wide financial statements to reflect the reporting of a net OPEB liability and deferred outflows of resources for its OPEB Plans in accordance with the provisions of GASB #75. Net position of the School District’s government-wide financial statements as of July 1, 2017 was decreased by approximately \$81,577,000 reflecting the cumulative change in accounting principle related to the adoption of GASB #75. See Note IV.B for more information regarding the School District’s OPEB Plans.

**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 Local Government Investment Pool (“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:

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**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)***

- (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.
- (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).

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**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)***

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"*, and GASB Statement No. 72 *"Fair Value Measurement and Application"*, investments are carried at fair value determined annually based upon (a) quoted market prices for identical and similar investments, or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. 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.
- 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 primarily 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**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 for all equipment and \$100,000 for land improvements, buildings and improvements, and intangible assets. 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.

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	10–50 years
Machinery and Equipment	3–15 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.



CLOVER SCHOOL DISTRICT NO. 2  
CLOVER, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. *Accrued Liabilities and Long-Term Obligations (Continued)*

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 and the Balance Sheet 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District currently has two types of deferred outflows of resources: (1) The School District reports *deferred pension charges* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (2) The School District reports *deferred OPEB charges* in its Statement of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB 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 and so will not be recognized as an inflow of resources (revenue) until that time. The School District currently has three types of deferred inflows of resources: (1) The School District reports *unavailable revenue* for property taxes only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (revenues) in the period the amounts become available. (2) The School District also reports *deferred pension credits* in its Statement of Net Position in connection with its participation in the South Carolina Retirement System. (3) The School District reports *deferred OPEB credits* in its Statement of Net Position in connection with its participation in the South Carolina Retiree Health Insurance Trust Fund. The *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**8. Fund Balance (Continued)**

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

**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 and Other Postemployment Benefits**

In government-wide financial statements, pensions and other postemployment benefits ("OPEB") are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A and IV.B and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

***10. Pensions and Other Postemployment Benefits (Continued)***

The School District recognizes net pension and net OPEB liabilities (assets) for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified 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 and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities 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 plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a multi-year period beginning with the period in which the difference occurred. In prior years, net pension and OPEB liabilities have been liquidated by the General Fund and the Special Revenue Funds.

***11. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

***12. 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.

***13. 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.

***14. 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, 2018**

**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, 2018, none of the School District's total bank balances (including fiduciary funds) of approximately \$453,000 (with a carrying value of approximately \$346,000) was exposed to custodial credit risk.

***Investments***

As of June 30, 2018, 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	\$ 17,618,386	\$ 17,618,386
Cash and Investments Held by County Treasurer	N/A	Unrated *	52,024,410	52,024,410
Total			<u>\$ 69,642,796</u>	<u>\$ 69,642,796</u>

\* The County Treasurer primarily invests the monies it holds in trust for governmental entities in separate accounts with the State Local Government Investment Pool. For weighted average maturity ("WAM") purposes, the School District included the WAM of the Pool.

(1) See Note I.C.11 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, 2018, 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, 2018**

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**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, 2018, the operating millage rate was set at 190.8 mills (184.8 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 24.0 mills (24.0 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 \$4,422,000 (which is net of an allowance for uncollectables of approximately \$276,000) at June 30, 2018. Allowances for uncollectables were not necessary for the other receivable accounts.

Delinquent property taxes of approximately \$119,000 in the General Fund, and \$21,000 in the Debt Service Fund, have been recognized as revenue at June 30, 2018, 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, 2018, the various components of unavailable and unearned revenues were as follows:

Unavailable Revenues:	
Delinquent Property Taxes Receivable (General Fund)	\$ 3,704,197
Delinquent Property Taxes Receivable (Debt Service - Fund)	577,978
Total Unavailable Revenues for Governmental Funds	<u>\$ 4,282,175</u>
Unearned Revenues:	
Revenue Collected, but Unearned (Special Revenue Fund)	\$ 234,962
Revenue Collected, but Unearned (Special Revenue - EIA Fund)	874,181
Revenue Collected, but Unearned (Special Revenue - Food Service Fund)	84,929
Total Unearned Revenues for Governmental Funds/Government-wide Financial Statements	<u>\$ 1,194,072</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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

**D. Interfund Receivables and Payables**

Interfund receivables and payables at June 30, 2018 (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	\$ -	\$ 12,183,725
Special Revenue Funds:		
Special Revenue	606,442	629,009
EIA	874,181	-
Food Service	437,262	-
Debt Service Fund	160,846	-
Capital Projects Fund	10,894,849	160,846
Total	<u>\$ 12,973,580</u>	<u>\$ 12,973,580</u>

Most cash activities are recorded in the General Fund, and as a result, receivables and payables exist at year end that are either due to or due from the General Fund or other funds. Various differences include Special Revenue payments not received from the State Department of Education until after the fiscal year 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, 2018, consisted of the following:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 7,000,000	\$ -
Capital Projects Fund	-	7,000,000
	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</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 \$7,000,000 for capital outlay projects.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**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, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Non-Depreciable:					
Land	\$ 13,978,346	-	-	-	\$ 13,978,346
Construction in Progress	9,718,670	716,650	-	(10,435,320)	-
Total Capital Assets, Non-Depreciable	23,697,016	716,650	-	(10,435,320)	13,978,346
Capital Assets, Depreciable:					
Buildings and Improvements	232,600,503	-	-	10,435,320	243,035,823
Machinery and Equipment	6,574,237	41,420	-	-	6,615,657
Total Capital Assets, Depreciable	239,174,740	41,420	-	10,435,320	249,651,480
Less: Accumulated Depreciation for:					
Buildings and Improvements	47,782,757	5,621,576	-	-	53,404,333
Machinery and Equipment	5,016,578	363,930	-	-	5,380,508
Total Accumulated Depreciation	52,799,335	5,985,506	-	-	58,784,841
Total Capital Assets, Depreciable, Net	186,375,405	(5,944,086)	-	10,435,320	190,866,639
Governmental Activities Capital Assets, Net	\$ 210,072,421	(5,227,436)	-	-	\$ 204,844,985

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

	Capital Asset Additions	Depreciation Expense
<b>Governmental Activities:</b>		
Instruction	\$ -	\$ 3,363,562
Support Services	758,070	2,621,944
Total - Governmental Activities	\$ 758,070	\$ 5,985,506

**G. Long-Term Obligations**

The general obligation bonds ("GO") payable at June 30, 2018, were comprised of the following:

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 approximately \$5,762,000. Proceeds were used for construction and renovation costs in the School District.



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**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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

**G. Long-Term Obligations (Continued)**

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. They were redeemed at their call date 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 approximately \$8,407,000 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, 2018:

Long-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
2014 GO Bonds *	\$ 65,520,000	-	805,000	64,715,000	\$ 855,000
2015-A GO Bonds Refunding *	41,300,000	-	3,235,000	38,065,000	3,395,000
Total GO Bonds	106,820,000	-	4,040,000	102,780,000	4,250,000
Premiums	11,764,697	-	996,085	10,768,612	-
Total Governmental Activities	<u>\$ 118,584,697</u>	<u>-</u>	<u>5,036,085</u>	<u>113,548,612</u>	<u>\$ 4,250,000</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
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	4,935,000	3,881,150	8,816,150
2023	5,185,000	3,634,400	8,819,400
2024-2028	30,560,000	14,057,100	44,617,100
2029-2033	39,740,000	6,685,800	46,425,800
2034	8,950,000	358,000	9,308,000
Total	<u>\$ 102,780,000</u>	<u>41,623,150</u>	<u>\$ 144,403,150</u>

The School District has authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed value of all taxable property in the School District. The debt limitation does not apply to certain debt approved through a School District-wide referendum. The School District's constitutional debt limit at June 30, 2018, was approximately \$27,350,000.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**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 State Fiscal Accountability Authority ("SFAA"), 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. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission ("RSIC") as co-trustees of the Retirement Trust Funds.

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](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. 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.
- 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Membership (Continued)*

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/current annual salary. A brief summary of benefit terms for the SCRS 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 SFAA for approval an increase in the SCRS ("Plan") 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. 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. 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 plan, 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.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Contributions (Continued)*

Any decrease in contribution rates must maintain the 2.9 differentials between the SCRS employer and employee contribution rates. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act of 2017 increases employer contribution rates to 13.56 percent for the SCRS, effective July 1, 2017. It also removes the 2.9 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent for the SCRS. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for the SCRS and 21.24. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization schedule. The recent pension reform legislation also changes the long-term funded ratio requirement from ninety to eighty-five.

As noted earlier, both employees and the School District are required to contribute to the Plan 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. Required employer and employee contribution rates for the past three years are as follows:

	SCRS and State ORP Rates		
	2016	2017	2018
Employer Contribution Rate: ^			
Retirement*	10.91%	11.41%	13.41%
Incidental Death Benefit	0.15%	0.15%	0.15%
Accidental Death Contributions	0.00%	0.00%	0.00%
	<u>11.06%</u>	<u>11.56%</u>	<u>13.56%</u>
Employee Contribution Rate	<u>8.16%</u>	<u>8.66%</u>	<u>9.00%</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 Plan for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		State ORP Contributions	
	Required	% Contributed	Required	% Contributed
2018	\$ 6,100,991	100%	\$ 451,526	100%
2017	5,092,515	100%	320,462	100%
2016	\$ 4,632,788	100%	\$ 269,941	100%

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Contributions (Continued)*

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

Year Ended June 30,	SCRS Payroll	State ORP Payroll	Total Payroll
2018	\$ 44,991,696	5,274,837	\$ 50,266,533
2017	44,052,894	4,885,079	48,937,973
2016	\$ 41,887,779	4,454,478	\$ 46,342,257

*Actuarial Assumptions and Methods*

Actuarial valuations of the ongoing plan 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. Amounts determined regarding the net pension liability are subject to continual revision as actual results 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. An experience report on the Systems was most recently issued as of July 1, 2015.

The June 30, 2017, total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2016, valuation for the SCRS.

	SCRS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.25%
Projected Salary Increases*	3.0% to 12.5% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually

\* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table ("2016 PRSC"), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

**CLOVER SCHOOL DISTRICT NO. 2  
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**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Actuarial Assumptions and Methods (Continued)*

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

*Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>45.0%</b>		
Global Public Equity	31.0%	6.72%	2.07%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
<b>Real Assets</b>	<b>8.0%</b>		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Commodities	1.0%	6.26%	0.06%
<b>Opportunistic</b>	<b>17.0%</b>		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
<b>Diversified Credit</b>	<b>18.0%</b>		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	100.0%		5.31%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.56%

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**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 the June 30, 2017 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	\$ 48,244,437,494	25,732,829,268	\$ 22,511,608,226	53.3%

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, 2018, the School District reported a liability of approximately \$104,466,000 for its proportionate share of the net pension liability for the SCRS. The net pension liability was measured as of June 30, 2017, 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, 2016 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 Plan relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2017 measurement date, the School District's SCRS proportion was 0.464052 percent, which was an increase of 0.006287 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized pension expense of approximately \$10,496,000 for the SCRS. At June 30, 2018, 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
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 465,707	\$ 57,902
Changes in Assumptions	6,115,338	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,916,189	-
Changes in Proportionate Share and Differences Between Employer Contributions and Proportionate Share of Total Plan Employer Contributions	1,013,922	1,010,793
School District Contributions Subsequent to the Measurement Date	6,552,517	-
Total SCRS	<u>\$ 17,063,673</u>	<u>\$ 1,068,695</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

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

Approximately \$6,553,000 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, 2019. 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:

<u>Year Ended June 30,</u>	<u>SCRS</u>
2019	\$ 2,764,579
2020	4,252,183
2021	3,211,185
2022	(785,486)
Total	<u>\$ 9,442,461</u>

*Discount Rate*

The discount rate used to measure the total pension liability was 7.25 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.

*Sensitivity Analysis*

The following table presents the sensitivity of the School District's proportionate share of the net pension liability of the Plan to changes in the discount rate, calculated using the discount rate of 7.25 percent, as well as what it would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate:

<u>System</u>	<u>1.00% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1.00% Increase (8.25%)</u>
The School District's proportionate share of the pension liability of the SCRS	\$ 134,641,767	104,465,568	\$ 86,155,706

*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](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Payable to Plan*

The School District reported a payable of approximately \$888,000 to the PEBA as of June 30, 2018, representing required employer and employee contributions for the month of June 2018 for the SCRS. This amount is included in Accrued Salaries, Fringe and Benefits on the financial statements and was paid in July 2018.

**B. Other Postemployment Benefits Plans**

The PEBA is the state agency responsible for the administration and management of the state's employee insurance programs, other postemployment benefits trusts, and retirement systems. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of the PEBA. By law, the SFAA also reviews certain PEBA Board decisions in administering the State Health Plan and other postemployment benefits ("OPEB"). See Note IV.A for more details on the PEBA and the SFAA.

The PEBA, Insurance Benefits issues audited financial statements and required supplementary information for the OPEB trust funds. This information is publicly available through the Insurance Benefits' link on the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB trust fund financial information is also included in the comprehensive annual financial report of the state.

*Plan Descriptions*

The Other Postemployment Benefits Trust Funds ("OPEB Trusts" or "OPEB Plans"), collectively refers to the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") and the South Carolina Long-Term Disability Insurance Trust Fund ("SCLTDITF"), were established by the State of South Carolina as Act 195, which became effective on May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability ("BLTD") Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA, Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The PEBA Board has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

*Plan Benefits*

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits Plans (Continued)**

*Plan Benefits (Continued)*

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability. Since the employer contribution/premium paid and the proportionate share of the net OPEB liability and related deferred outflows and inflows of resources related to the SCLTDITF are not material to the School District, no SCLTDITF OPEB amounts have been recorded in these financial statements and only limited note disclosures have been provided related to these benefits.

*Plan Contributions and Funding Policies*

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments. Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs.

The covered payroll surcharge rates for the past three years were as follows:

	Year Ended June 30,		
	2016	2017	2018
Employer Contribution Rate^	5.33%	5.33%	5.50%

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

The required payroll surcharge, percentages of amounts contributed, and eligible payroll by the School District covered by the SCRHITF for the past three years were as follows:

Year Ended June 30,	Contributions		Eligible Payroll
	Required	% Contributed	
2018	\$ 2,764,659	100%	\$ 50,266,533
2017	2,608,394	100%	48,937,973
2016	\$ 2,470,042	100%	\$ 46,342,258

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits Plans (Continued)**

*Plan Contributions and Funding Policies (Continued)*

The State (via state appropriations) and the PEBA - Insurance Benefits (via state statute to transfer amounts above 140% of incurred but not reported claims) contributed to the SCRHITF on behalf of the School District approximately \$460,000 for the year ended June 30, 2017 (measurement period) and approximately \$621,000 for the year ended June 30, 2018.

In accordance with part (b) of paragraph 69 of GASB #75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

*Actuarial Assumptions and Methods*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability, net OPEB liability, and sensitivity information were determined by the consulting actuary and are based on the June 30, 2016 actuarial valuation. The total OPEB liability was rolled-forward from the valuation date to the OPEB plan's fiscal year ended June 30, 2017 using generally accepted actuarial principles.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits Plans (Continued)**

*Actuarial Assumptions and Methods (Continued)*

The following table provides a summary of the actuarial assumptions and methods used in the latest valuation for the SCRHITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Inflation:	2.25%
Investment Rate of Return:	4.00%, net of plan investment expense: including inflation
Single Discount Rate:	3.56% as of June 30, 2017
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement System for the five-year period ending June 30, 2015
Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the based tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Aging Factors	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums
Notes:	There were no benefit changes during the year; the discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017

*Long-Term Expected Rate of Return*

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. For actuarial purposes, the 4.00 percent assumed annual investment rate of return includes a 1.75 percent real rate of return and a 2.25 percent inflation component. This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Conservative Fixed Income</b>	<b>100.0%</b>		
US Domestic Fixed Income	80.0%	2.09%	1.67%
Cash	20.0%	0.84%	0.17%
Total Expected Real Return	100.0%		1.84%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			4.09%
Investment Return Assumption			4.00%

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits Plans (Continued)**

*Single Discount Rate*

The Single Discount Rate of 3.56% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the SCRHITF's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

*OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB*

The net OPEB liability ("NOL") is calculated separately for each system and represents that particular system's total OPEB liability determined in accordance with GASB No. 74 less its fiduciary net position. NOL totals, as of the June 30, 2017 measurement date for the SCRHITF, are presented in the following table:

System	Total OPEB Liability	OPEB Plan Fiduciary Net Position	Employers' Net OPEB Liability (Asset)	OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
SCRHITF	\$ 14,659,610,970	1,114,774,760	\$ 13,544,836,210	7.6%

The total OPEB liability is calculated by PEBA's actuary, and the fiduciary net position is reported in the PEBA's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB No. 74 in the PEBA's 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. 74 and 75 are not applicable for other purposes, such as determining the OPEB Plans' funding requirements.

At June 30, 2018, the School District reported a liability of approximately \$78,604,000 for its proportionate share of the net OPEB liability for the SCRHITF. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability for the SCRHITF used to calculate the net OPEB liability was determined based on the most recent actuarial valuation report of June 30, 2016 that was projected forward to the measurement date. The School District's proportion of the net OPEB liability was based on a projection of the School District's long-term share of contributions to the SCRHITF relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2017 measurement date, the School District's proportion was 0.580326 percent; there was no change from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized OPEB expense of approximately \$4,784,000 for the SCRHITF. At June 30, 2018, the School District reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 34,115
Change in Assumptions	-	7,396,290
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	135,064	-
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	-	1,124
Employer Contributions Subsequent to the Measurement Date	2,702,174	-
Total	<u>\$ 2,837,238</u>	<u>\$ 7,431,529</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits Plans (Continued)**

*OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)*

Approximately \$2,702,000 that was reported as deferred outflows of resources related to the School District's contributions subsequent to the measurement date to the SCRHITF, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the SCRHITF will increase (decrease) OPEB expense as follows:

Year Ended June 30,	Increase (Decrease) OPEB Expense
2019	\$ (1,156,040)
2020	(1,156,040)
2021	(1,156,040)
2022	(1,156,040)
2023	(1,189,806)
Thereafter	(1,482,499)
Total	<u>\$ (7,296,465)</u>

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following table presents the sensitivity of the School District's net OPEB liability for the SCRHITF to changes in the discount rate, calculated using the discount rate of 3.56%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (2.56%) or 1% point higher (4.56%) than the current rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB Liability	\$ 92,573,538	78,604,206	\$ 67,341,506

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following table presents the sensitivity of the School District's net OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 7.00% decreasing to 4.15%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (6.00% decreasing to 3.15%) or 1% point higher (8.00% decreasing to 5.15%) than the current rate:

	1% Decrease (6.00% decreasing to 3.15%)	Current Healthcare Cost Trend Rate (7.00% decreasing to 4.15%)	1% Increase (8.00% decreasing to 5.15%)
Net OPEB Liability	\$ 64,458,706	78,604,206	\$ 96,919,229

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**IV. OTHER INFORMATION (CONTINUED)**

**B. Other Postemployment Benefits Plans (Continued)**

*OPEB Plans' Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the OPEB Plans administered by the PEBA is available in the separately issued financial statements and required supplementary information for the South Carolina Public Employee Benefit Authority, Insurance Benefits and Other Postemployment Benefits Trust Funds. This information is publicly available through the Insurance Benefits' link on the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to the PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223.

*Payable to SCRHITF*

The School District reported a payable of approximately \$232,000 to the PEBA as of June 30, 2018, representing required employer contributions for the month of June 2018 for the SCRHITF. This amount is included in Accrued Salaries, Fringe and Benefits on the financial statements and was paid in July 2018.

**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.

**E. Fund Balance Assignment**

An additional assignment of fund balance of approximately \$7,000,000 for school capital projects was made as of June 30, 2018. 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, 2018 the Board has remaining approximately \$26,802,000 (including earned interest) in total funds assigned for construction projects.

**F. Concentration of Property Tax Revenue Risk**

The School District receives approximately 65% of its local property tax revenue, not considering owner-occupied values, from one source, the Catawba Nuclear Station.

**G. Commitments, Contingencies and Other Matters**

*Construction Commitments*

The School District had outstanding construction commitments totaling approximately \$2,882,000 at June 30, 2018.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2018**

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**IV. OTHER INFORMATION (CONTINUED)**

**G. Commitments, Contingencies and Other Matters (Continued)**

*YMCA and Aquatics Center Agreement*

In May 2015, the School District entered into an agreement with the Upper Palmetto YMCA ("YMCA") for the management and operations of the Aquatics Center. This agreement became effective for the year ended June 30, 2017 when the Aquatics Center became operational. There are no fees charged or paid by the School District to the YMCA under the terms of this agreement, which has an initial term of 25 years, with 10-year renewal options. The School District will be responsible for major repairs, defined as those exceeding \$10,000. The School District will also be responsible for the insurance of the facility, including related fixtures and equipment. The School District will also be responsible for the payment of utilities for the first two years of operations, not to exceed \$12,000 per month. The YMCA will be responsible for the operating costs and normal maintenance of the facility. If the facility's operations have annual operating surpluses, as defined in the agreement, then the surpluses shall be placed in a reserve account for reimbursement to the School District to fund major repairs and future capital improvements to the facility.

**H. Operating Lease**

In April 2017, 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 \$586,000. The School District has made the first two payments with the last payment scheduled for May 2019.

In April 2017, 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 \$625,000. The School District has made the first payment with the last two payments scheduled for August 2018 and 2019, respectively.

In February 2018, 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 \$896,000. The School District has made the first payment with the last two payments scheduled for June 2019 and 2020, respectively.

**I. Tax Abatements**

*School District's Tax Abatements*

The School District does not have any of its own tax abatement agreements.

*York County's Abatements*

The School District's property tax revenues were reduced by \$436,000 under agreements entered into by York County, South Carolina.



## **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, 2018

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Local Sources:				
Taxes	\$ 46,629,790	46,629,790	48,719,732	\$ 2,089,942
Investment Earnings	230,000	230,000	516,113	286,113
Other Local Sources	30,000	30,000	506,074	476,074
State Sources	33,093,183	33,093,183	35,036,213	1,943,030
<b>TOTAL REVENUES</b>	<b>79,982,973</b>	<b>79,982,973</b>	<b>84,778,132</b>	<b>4,795,159</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	45,044,536	45,044,536	43,198,302	1,846,234
Support Services	34,893,437	34,893,437	33,154,227	1,739,210
Intergovernmental	45,000	45,000	45,000	-
Capital Outlay	-	-	24,182	(24,182)
<b>TOTAL EXPENDITURES</b>	<b>79,982,973</b>	<b>79,982,973</b>	<b>76,421,711</b>	<b>3,561,262</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>8,356,421</b>	<b>8,356,421</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(7,000,000)	(7,000,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(7,000,000)</b>	<b>(7,000,000)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>1,356,421</b>	<b>1,356,421</b>
FUND BALANCES, Beginning of Year	20,616,503	20,616,503	20,616,503	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 20,616,503</b>	<b>20,616,503</b>	<b>21,972,924</b>	<b>\$ 1,356,421</b>

**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 - PENSION PLAN SCHEDULES**

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

**LAST FIVE FISCAL YEARS**

	Year Ended June 30,			
	2018	2017	2016	2015
School District's Proportion of the Net Pension Liability (Asset)	0.464052%	0.457765%	0.468332%	0.466272%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 104,465,568	97,777,928	88,821,422	80,276,580
School District's Covered Payroll	\$ 48,937,973	46,342,258	46,005,270	44,303,425
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	213.47%	210.99%	193.07%	181.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.34%	52.91%	56.99%	59.92%

**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.

The discount rate was lowered from 7.50% to 7.25% for the year ended June 30, 2018.

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

**REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN SCHEDULES**

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

**LAST FIVE FISCAL YEARS**

	Year Ended June 30,			
	2018	2017	2016	2015
Contractually Required Contribution	\$ 6,552,517	5,412,976	4,902,729	4,786,791
				\$ 4,486,417
Contributions in Relation to the Contractually Required Contribution:	6,552,517	5,412,976	4,902,729	4,786,791
Contribution Deficiency (Excess)	\$ -	-	-	\$ -
School District's Covered Payroll	\$ 50,266,533	48,937,973	46,342,257	46,005,270
				\$ 44,303,425
Contributions as a Percentage of Covered Payroll	13.04%	11.06%	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.

The contractually required contribution rate was increased from 11.56% to 13.56% of eligible payroll for the year ended June 30, 2018.

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

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES**

**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND**

**LAST TWO FISCAL YEARS**

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	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
School District's Proportion of the Net OPEB Liability	0.580326%	0.580326%
School District's Proportionate Share of the Net OPEB Liability	\$ 78,604,206	\$ 83,965,227
School District's Covered Payroll	\$ 48,937,973	\$ 46,342,258
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	160.6%	181.2%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.6%	6.6%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).  
The School District adopted GASB #75 during the year ended June 30, 2018. Information before 2017 is not available.  
The discount rate changed from 2.92% as of the June 30, 2016 measurement date to 3.56% for the June 30, 2017 measurement date.

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

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN SCHEDULES**

**SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS  
SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND**

**LAST TWO FISCAL YEARS**

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	<b>Year Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>
Contractually Required Contribution	\$ 2,764,659	\$ 2,608,394
Contributions in Relation to the Contractually Required Contribution	2,764,659	2,608,394
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 50,266,533	\$ 48,937,973
Contributions as a Percentage of Covered Payroll	5.50%	5.33%

**Notes to Schedule:**

The School District adopted GASB #75 during the year ended June 30, 2018. Information before 2017 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**

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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, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 43,677,826	44,301,164	\$ 623,338
1140 Penalties & Interest on Taxes (Independent)	500,000	492,938	(7,062)
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	2,301,964	3,867,113	1,565,149
1240 Penalties & Interest on Taxes (Dependent)	150,000	58,517	(91,483)
1500 Earnings on Investments:			
1510 Interest on Investments	230,000	516,113	286,113
1900 Other Revenue from Local Sources:			
1910 Rentals	20,000	35,071	15,071
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	10,000	471,003	461,003
Total Revenue from Local Sources	46,889,790	49,741,919	2,852,129
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	652	652
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	475,000	547,045	72,045
3162 Transportation Workers' Compensation	-	25,422	25,422
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	5,910,233	6,049,925	139,692
3181 Retiree Insurance (No Carryover Provision)	1,711,339	1,859,455	148,116
3199 Other Restricted State Grants	-	1,437	1,437
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	663,709	696,177	32,468
3312 Primary	2,197,423	2,265,831	68,408
3313 Elementary	3,821,848	3,928,790	106,942
3314 High School	1,533,911	1,252,123	(281,788)
3315 Trainable Mentally Handicapped	56,884	38,058	(18,826)
3316 Speech Handicapped (Part-Time)	363,579	444,570	80,991
3317 Homebound	8,428	14,029	5,601
3320 Part-Time Programs:			
3321 Emotionally Handicapped	31,935	37,431	5,496
3322 Educable Mentally Handicapped	34,273	70,307	36,034
3323 Learning Disabilities	729,833	820,221	90,388
3324 Hearing Handicapped	19,797	29,416	9,619
3325 Visually Handicapped	29,401	33,767	4,366
3326 Orthopedically Handicapped	25,677	27,066	1,389
3327 Vocational	\$ 1,681,238	2,357,422	\$ 676,184

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
3330 Other EFA Programs:			
3331 Autism	\$ 546,958	942,440	\$ 395,482
3334 Limited English Proficiency	49,044	52,788	3,744
3352 Pupils in Poverty	897,993	972,849	74,856
3353 Dual Revenue	153,908	76,954	(76,954)
3392 NBC Excess EFA Formula	-	54,452	54,452
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	11,555,772	11,244,615	(311,157)
3820 Homestead Exemption (Tier 2)	575,000	573,275	(1,725)
3830 Merchant's Inventory Tax	-	40,593	40,593
3890 Other State Property Tax Revenues (Includes MC Vehicle Tax)	-	106,392	106,392
3900 Other State Revenue:			
3993 PEBA on-Behalf	-	472,711	472,711
3999 Revenue from Other State Sources	20,000	-	(20,000)
Total Revenue from State Sources	33,093,183	35,036,213	1,943,030
<b>TOTAL REVENUES</b>	<b>79,982,973</b>	<b>84,778,132</b>	<b>4,795,159</b>

EXPENDITURES

100 Instruction:

110 General Instruction:

111 Kindergarten Programs:

100 Salaries	1,792,306	1,810,949	(18,643)
200 Employee Benefits	808,770	785,530	23,240
300 Purchased Services - Other Than Tuition	78,611	76,225	2,386
400 Supplies and Materials	25,529	27,201	(1,672)

112 Primary Programs:

100 Salaries	5,880,451	5,869,047	11,404
200 Employee Benefits	2,600,771	2,510,804	89,967
300 Purchased Services - Other Than Tuition	304,388	303,007	1,381
400 Supplies and Materials	73,715	135,062	(61,347)

113 Elementary Programs:

100 Salaries	8,995,516	9,057,677	(62,161)
200 Employee Benefits	3,751,322	3,637,603	113,719
300 Purchased Services - Other Than Tuition	460,174	382,302	77,872
400 Supplies and Materials	272,519	261,466	11,053

114 High School Programs:

100 Salaries	7,923,667	6,662,461	1,261,206
200 Employee Benefits	2,757,401	2,601,533	155,868
300 Purchased Services	353,750	344,833	8,917
400 Supplies and Materials	187,574	265,852	(78,278)
600 Other Objects	-	176	(176)

115 Career and Technology Education Program:

100 Salaries	922,368	891,905	30,463
200 Employee Benefits	369,329	340,668	28,661
300 Purchased Services - Other Than Tuition	49,100	49,106	(6)
400 Supplies and Materials	\$ 29,000	41,276	\$ (12,276)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	\$ 811,038	800,184	\$ 10,854
200 Employee Benefits	370,078	344,781	25,297
300 Purchased Services	31,000	29,456	1,544
122 Trainable Mentally Handicapped:			
100 Salaries	540,879	567,132	(26,253)
200 Employee Benefits	252,079	249,128	2,951
300 Purchased Services	17,000	16,151	849
123 Orthopedically Handicapped:			
100 Salaries	31,386	41,467	(10,081)
200 Employee Benefits	24,433	18,004	6,429
300 Purchased Services	3,500	2,754	746
124 Visually Handicapped:			
300 Purchased Services	65,000	65,000	-
400 Supplies and Materials	-	1,004	(1,004)
125 Hearing Handicapped:			
100 Salaries	44,786	44,786	-
200 Employee Benefits	19,237	18,863	374
126 Speech Handicapped:			
100 Salaries	506,289	481,261	25,028
200 Employee Benefits	196,605	183,184	13,421
300 Purchased Services	43,000	29,351	13,649
127 Learning Disabilities:			
100 Salaries	1,080,135	1,079,114	1,021
200 Employee Benefits	448,029	440,992	7,037
300 Purchased Services	64,500	61,794	2,706
128 Emotionally Handicapped:			
100 Salaries	193,607	79,241	114,366
200 Employee Benefits	80,112	35,132	44,980
300 Purchased Services	500	430	70
130 Pre-School Programs:			
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	132,181	132,181	-
200 Employee Benefits	52,131	51,460	671
300 Purchased Services	5,500	5,375	125
139 Early Childhood Programs:			
100 Salaries	1,285,356	1,131,494	153,862
200 Employee Benefits	616,474	559,843	56,631
300 Purchased Services	48,250	46,713	1,537
400 Supplies and Materials	12,166	12,249	(83)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	32,438	31,434	1,004
200 Employee Benefits	13,439	12,893	546
300 Purchased Services	\$ 36,000	27,140	\$ 8,860

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
145 Homebound:			
100 Salaries	\$ -	85,865	\$ (85,865)
200 Employee Benefits	-	23,079	(23,079)
300 Purchased Services	30,000	9,195	20,805
149 Other Special Programs:			
100 Salaries	146,009	171,437	(25,428)
200 Employee Benefits	48,549	50,268	(1,719)
300 Purchased Services	-	3,772	(3,772)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	53,862	54,100	(238)
200 Employee Benefits	24,227	24,827	(600)
300 Purchased Services	15,000	13,858	1,142
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	-	26,575	(26,575)
200 Employee Benefits	-	7,098	(7,098)
173 High School Summer School:			
100 Salaries	-	22,335	(22,335)
200 Employee Benefits	-	6,269	(6,269)
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	16,815	(12,315)
400 Supplies and Materials	4,000	3,135	865
Total Instruction	45,044,536	43,198,302	1,846,234
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	361,160	361,670	(510)
200 Employee Benefits	139,316	137,214	2,102
300 Purchased Services	10,500	4,831	5,669
400 Supplies and Materials	2,000	753	1,247
212 Guidance Services:			
100 Salaries	1,078,060	994,700	83,360
200 Employee Benefits	431,300	396,249	35,051
300 Purchased Services	22,500	22,145	355
400 Supplies and Materials	\$ 4,469	3,640	\$ 829

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
213 Health Services:			
100 Salaries	\$ 780,149	611,829	\$ 168,320
200 Employee Benefits	292,630	256,286	36,344
300 Purchased Services	44,500	42,069	2,431
400 Supplies and Materials	35,000	20,906	14,094
214 Psychological Services:			
100 Salaries	198,794	192,638	6,156
200 Employee Benefits	82,098	70,854	11,244
300 Purchased Services	6,400	3,220	3,180
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	864,681	984,949	(120,268)
140 Terminal Leave	-	3,864	(3,864)
200 Employee Benefits	308,881	350,531	(41,650)
300 Purchased Services	53,245	57,469	(4,224)
400 Supplies and Materials	176,823	156,731	20,092
600 Other Objects	2,382	2,431	(49)
222 Library and Media Services:			
100 Salaries	712,314	658,447	53,867
200 Employee Benefits	290,434	256,554	33,880
300 Purchased Services	58,500	56,160	2,340
400 Supplies and Materials	77,154	79,174	(2,020)
223 Supervision of Special Programs:			
100 Salaries	372,937	369,337	3,600
140 Terminal Leave	-	4,196	(4,196)
200 Employee Benefits	123,711	120,956	2,755
300 Purchased Services	5,486	5,801	(315)
400 Supplies and Materials	-	5	(5)
600 Other Objects	3,424	3,424	-
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	-	2,355	(2,355)
200 Employee Benefits	-	629	(629)
300 Purchased Services	141,025	119,182	21,843
400 Supplies and Materials	4,600	1,999	2,601
230 General Administrative Services:			
231 Board of Education:			
300 Purchased Services	59,900	133,088	(73,188)
318 Audit Services	38,500	46,200	(7,700)
400 Supplies and Materials	4,500	924	3,576
600 Other Objects	21,000	23,502	(2,502)
232 Office of Superintendent:			
100 Salaries	268,473	412,361	(143,888)
200 Employee Benefits	85,759	114,637	(28,878)
300 Purchased Services	70,400	60,683	9,717
400 Supplies and Materials	38,500	28,099	10,401
600 Other Objects	\$ 43,000	30,011	\$ 12,989

(Continued)



GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
233 School Administration:			
100 Salaries	\$ 3,730,726	3,737,858	\$ (7,132)
140 Terminal Leave	-	12,377	(12,377)
200 Employee Benefits	1,418,817	1,411,772	7,045
300 Purchased Services	37,109	28,918	8,191
400 Supplies and Materials	173,529	159,749	13,780
600 Other Objects	10,246	7,068	3,178
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	394,003	394,903	(900)
200 Employee Benefits	140,588	138,402	2,186
300 Purchased Services	19,000	7,914	11,086
400 Supplies and Materials	40,000	14,544	25,456
600 Other Objects	1,000	3,003	(2,003)
254 Operation and Maintenance of Plant:			
100 Salaries	3,428,837	2,885,800	543,037
140 Terminal Leave	-	3,497	(3,497)
200 Employee Benefits	1,472,290	1,256,433	215,857
300 Purchased Services	2,893,751	2,730,697	163,054
400 Supplies and Materials	3,369,795	3,464,325	(94,530)
500 Capital Outlay	-	24,182	(24,182)
600 Other Objects	554,711	527	554,184
255 Student Transportation (State Mandated):			
100 Salaries	1,209,346	1,327,094	(117,748)
140 Terminal Leave	-	3,379	(3,379)
200 Employee Benefits	634,724	578,303	56,421
300 Purchased Services	11,800	4,565	7,235
400 Supplies and Materials	26,900	15,591	11,309
256 Food Service:			
200 Employee Benefits	300,000	257,549	42,451
258 Security:			
300 Purchased Services	465,000	399,761	65,239
400 Supplies and Materials	-	3,327	(3,327)
260 Central Support Services:			
263 Information Services:			
100 Salaries	56,361	56,361	-
200 Employee Benefits	19,829	19,574	255
300 Purchased Services	14,000	9,842	4,158
400 Supplies and Materials	6,000	4,282	1,718
264 Staff Services:			
100 Salaries	312,946	313,920	(974)
200 Employee Benefits	120,588	118,618	1,970
300 Purchased Services	32,500	22,730	9,770
400 Supplies and Materials	17,000	45,267	(28,267)
600 Other Objects	\$ 1,000	810	\$ 190

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2018

	REVISED BUDGET	ACTUAL	VARIANCE
266 Technology and Data Processing Services:			
100 Salaries	\$ 1,148,483	1,169,354	\$ (20,871)
140 Terminal Leave	-	3,233	(3,233)
200 Employee Benefits	434,495	426,795	7,700
300 Purchased Services	725,000	663,944	61,056
400 Supplies and Materials	3,274,474	3,150,246	124,228
600 Other Objects	527	602	(75)
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	584,184	592,640	(8,456)
200 Employee Benefits (Optional)	131,378	131,598	(220)
300 Purchased Services (Optional)	5,000	-	5,000
400 Supplies and Materials (Optional)	362,995	374,352	(11,357)
Total Support Services	34,893,437	33,178,409	1,715,028
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	-
<b>TOTAL EXPENDITURES</b>	<b>79,982,973</b>	<b>76,421,711</b>	<b>3,561,262</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund Transfers, From (To) Other Funds:			
424-710 Transfer to Capital Projects Fund	-	(7,000,000)	(7,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	(7,000,000)	(7,000,000)
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>-</b>	<b>1,356,421</b>	<b>1,356,421</b>
FUND BALANCE, Beginning of Year	20,616,503	20,616,503	-
<b>FUND BALANCE, End of Year</b>	<b>\$ 20,616,503</b>	<b>21,972,924</b>	<b>\$ 1,356,421</b>

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

**Comprehensive Annual Financial Report**

**Special Revenue Funds**

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*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 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.
- iii) 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.

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

**SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2018**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
<b>REVENUES</b>		
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	-	-
3136 Student Health and Fitness - PE Teachers	-	-
3190 Miscellaneous Restricted State Grants:		
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3630 K-12 Technology Initiative	-	-
3900 Other State Revenue:		
3994 PEBA Nonemployer Contributions	-	-
3999 Revenue from Other State Sources	-	-
Total Revenue from State Sources	-	-
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins Aid, Title I	\$ -	-

<b>Preschool Handicapped (CG Projects) (205)</b>	<b>CATE (VA Projects) (207)</b>	<b>Adult Education (EA Projects) (985)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	-	-	145,587	\$ 145,587
-	-	51,630	-	152,821	204,451
-	-	51,630	-	298,408	350,038
-	-	-	377,224	-	377,224
-	-	-	66,612	-	66,612
-	-	-	286,830	-	286,830
-	-	-	190,340	-	190,340
-	-	-	-	5,079	5,079
-	-	-	263,668	-	263,668
-	-	-	620,651	-	620,651
-	-	-	-	42,271	42,271
-	-	-	1,805,325	47,350	1,852,675
-	82,323	-	-	-	\$ 82,323

(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, 2018**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	\$ 971,014	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
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)	-	1,327,235
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4900 Other Federal Sources:		
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>971,014</u>	<u>1,327,235</u>
<b>TOTAL REVENUES</b>	<b><u>971,014</u></b>	<b><u>1,327,235</u></b>
<b>EXPENDITURES</b>		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
300 Purchased Services	3,339	-
400 Supplies and Materials	4,269	-
112 Primary Programs:		
100 Salaries	490,286	-
200 Employee Benefits	203,419	-
300 Purchased Services	20,171	-
400 Supplies and Materials	155,602	-
113 Elementary Programs:		
300 Purchased Services	18,264	-
400 Supplies and Materials	\$ 32,148	-

<b>Preschool Handicapped (CG Projects) (205)</b>	<b>CATE (VA Projects) (207)</b>	<b>Adult Education (EA Projects) (985)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	-	-	-	\$ 971,014
-	-	-	-	13,182	13,182
-	-	-	-	168,007	168,007
-	-	-	-	82,724	82,724
-	-	-	-	-	1,327,235
37,258	-	-	-	-	37,258
-	-	-	-	64,803	64,803
37,258	82,323	-	-	328,716	2,746,546
37,258	82,323	51,630	1,805,325	674,474	4,949,259
-	-	-	-	-	3,339
-	-	-	-	-	4,269
-	-	-	66,612	4,320	561,218
-	-	-	-	1,166	204,585
-	-	-	-	-	20,171
-	-	-	-	-	155,602
-	-	-	-	1,500	19,764
-	-	-	-	248	\$ 32,396

(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, 2018**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
114 High School Programs:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
115 Career and Technology Education Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	158,436
200 Employee Benefits	-	82,693
400 Supplies and Materials	-	-
122 Trainable Mentally Handicapped:		
100 Salaries	-	19,940
200 Employee Benefits	-	6,907
300 Purchased Services	-	773
400 Supplies and Materials	-	11,840
123 Orthopedically Handicapped:		
100 Salaries	-	10,170
200 Employee Benefits	-	3,490
124 Visually Handicapped:		
400 Supplies and Materials	-	3,516
125 Hearing Handicapped:		
100 Salaries	-	28,444
200 Employee Benefits	-	15,042
300 Purchased Services	-	4,601
400 Supplies and Materials	-	1,048
126 Speech Handicapped:		
100 Salaries	-	8,483
200 Employee Benefits	-	2,093
300 Purchased Services	-	2,485
400 Supplies and Materials	-	6,224
600 Other Objects	-	205
127 Learning Disabilities:		
100 Salaries	-	31,420
200 Employee Benefits	-	8,334
300 Purchased Services	-	1,267
400 Supplies and Materials	\$ -	84,250



<b>Preschool Handicapped (CG Projects) (205)</b>	<b>CATE (VA Projects) (207)</b>	<b>Adult Education (EA Projects) (985)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	-	-	51,008	\$ 51,008
-	-	-	-	13,795	13,795
-	13,888	-	-	5,079	18,967
-	3,709	-	-	-	3,709
-	38,382	-	-	-	38,382
-	-	-	-	-	158,436
-	-	-	-	-	82,693
-	-	-	-	6,000	6,000
-	-	-	-	-	19,940
-	-	-	-	-	6,907
-	-	-	-	-	773
-	-	-	-	-	11,840
-	-	-	-	-	10,170
-	-	-	-	-	3,490
-	-	-	-	1,000	4,516
-	-	-	-	-	28,444
-	-	-	-	-	15,042
-	-	-	-	599	5,200
-	-	-	-	3,698	4,746
-	-	-	-	-	8,483
-	-	-	-	-	2,093
-	-	-	-	-	2,485
-	-	-	-	843	7,067
-	-	-	-	-	205
-	-	-	-	-	31,420
-	-	-	-	-	8,334
-	-	-	-	-	1,267
-	-	-	-	-	\$ 84,250

(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, 2018**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
128 Emotionally Handicapped:		
100 Salaries	\$ -	27,453
200 Employee Benefits	-	7,366
300 Purchased Services	-	1,004
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	55,640
200 Employee Benefits	-	24,765
400 Supplies and Materials	-	-
139 Early Childhood Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
140 Special Programs:		
149 Other Special Programs:		
100 Salaries	-	1,431
200 Employee Benefits	-	382
300 Purchased Services	-	-
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	149,246
200 Employee Benefits	-	76,443
300 Purchased Services	-	563
400 Supplies and Materials	-	5,405
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	-	-
400 Supplies and Materials	\$ -	-

<b>Preschool Handicapped (CG Projects) (205)</b>	<b>CATE (VA Projects) (207)</b>	<b>Adult Education (EA Projects) (985)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	-	-	-	\$ 27,453
-	-	-	-	-	7,366
-	-	-	-	-	1,004
19,171	-	-	-	-	74,811
15,931	-	-	-	-	40,696
2,156	-	-	-	-	2,156
-	-	-	-	38,902	38,902
-	-	-	-	14,990	14,990
-	-	-	-	8,951	8,951
-	-	-	-	1,494	1,494
-	-	-	-	-	1,431
-	-	-	-	-	382
-	-	-	-	4,731	4,731
-	-	-	-	-	149,246
-	-	-	-	-	76,443
-	-	-	-	-	563
-	-	-	-	-	5,405
-	-	86	-	43,500	43,586
-	-	-	-	11,666	11,666
-	-	1,694	-	-	1,694
-	-	685	-	-	685
-	-	-	-	18,788	18,788
-	-	-	-	5,040	5,040
-	-	8,120	-	-	\$ 8,120

(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, 2018**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
183 Adult English Literacy (ESL):		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
188 Parenting/Family Literacy:		
300 Purchased Services	5,022	-
400 Supplies and Materials	5,944	-
Total Instruction	<u>938,464</u>	<u>841,359</u>
200 Support Services:		
210 Pupil Services:		
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
213 Health Services:		
100 Salaries	-	101,344
200 Employee Benefits	-	36,256
300 Purchased Services	-	4,215
400 Supplies and Materials	-	23,272
214 Psychological Services:		
100 Salaries	-	54,619
200 Employee Benefits	-	19,144
300 Purchased Services	-	2,504
400 Supplies and Materials	-	11,379
600 Other Objects	-	205
215 Exceptional Program Services:		
400 Supplies and Materials	-	7,134
600 Other Objects	-	3,065
216 Vocational Placement Services:		
300 Purchased Services	-	-
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	-	-
200 Employee Benefits	-	-
223 Supervision of Special Programs:		
100 Salaries	-	120,095
200 Employee Benefits	-	49,731
300 Purchased Services	1,437	5,910
400 Supplies and Materials	-	7,310
600 Other Objects	\$ -	1,119

<b>Preschool Handicapped (CG Projects) (205)</b>	<b>CATE (VA Projects) (207)</b>	<b>Adult Education (EA Projects) (985)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	-	-	3,465	\$ 3,465
-	-	-	-	265	265
-	-	-	-	832	5,854
-	-	-	-	1,161	7,105
37,258	55,979	10,585	66,612	243,041	2,193,298
-	-	-	289,349	-	289,349
-	-	-	117,934	-	117,934
-	-	-	160,282	82,085	343,711
-	-	-	-	23,827	60,083
-	-	-	-	2,335	6,550
-	-	-	-	14,005	37,277
-	-	-	-	-	54,619
-	-	-	-	-	19,144
-	-	-	-	11,000	13,504
-	-	-	-	1,979	13,358
-	-	-	-	-	205
-	-	-	-	-	7,134
-	-	-	-	-	3,065
-	15,292	-	-	-	15,292
-	-	-	206,362	-	206,362
-	-	-	80,467	-	80,467
-	-	40	-	89,200	209,335
-	-	-	-	34,722	84,453
-	-	-	-	-	7,347
-	-	4,792	-	1,444	13,546
-	-	-	-	-	\$ 1,119

(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, 2018**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	31,113	16,141
400 Supplies and Materials	-	703
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
300 Purchased Services	-	21,730
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	-	-
Total Support Services	<u>32,550</u>	<u>485,876</u>
410 Intergovernmental Expenditures:		
414 Medicaid Payments to SDE		
720 Transits	-	-
419 Payments from PEBA Nonemployer Contributions		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u><b>971,014</b></u>	<u><b>1,327,235</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE, Beginning of Year</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>FUND BALANCE, End of Year</b>	<u><u><b>\$ -</b></u></u>	<u><u><b>-</b></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
-	-	-	-	74,295	\$ 74,295
-	-	-	-	19,769	19,769
-	11,052	-	-	65,836	124,142
-	-	-	-	12,895	13,598
-	-	-	-	-	21,730
-	-	1,937	-	-	1,937
-	-	7,598	-	-	7,598
-	-	-	263,668	-	263,668
-	26,344	14,367	1,118,062	433,392	2,110,591
-	-	-	-	33,521	33,521
-	-	-	620,651	-	620,651
-	-	-	620,651	33,521	654,172
<b>37,258</b>	<b>82,323</b>	<b>24,952</b>	<b>1,805,325</b>	<b>709,954</b>	<b>4,958,061</b>
-	-	26,678	-	(35,480)	(8,802)
-	-	71,686	-	408,830	480,516
-	-	98,364	-	373,350	\$ 471,714

**SPECIAL REVENUE FUND**

**SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES**

**YEAR ENDED JUNE 30, 2018**

---

**OTHER DESIGNATED RESTRICTED STATE GRANTS**

928	EEDA Career Specialists
935	Reading Coaches
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
963	K-12 Technology Initiative
994	PEBA Nonemployer Contributions

**OTHER SPECIAL REVENUE PROGRAMS**

212	Ag Teacher
213	Personnel Development
214	Medicaid
234	Sisters of Mercy
243	Adult Education - Federal
264	Title III
267	Improving Teacher Quality (Carryover Provision)
277	ROTC
284	First Steps
807	Professional Development - Gifted



SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2018

SUBFUND	REVENUE	PROGRAMS	REVENUES	EXPENDITURES	SPECIAL REVENUE		Special Revenue Fund Unearned
					INTERFUND TRANSFERS IN (OUT)	OTHER FUND TRANSFERS SOURCES (USES)	
926	3177	Summer Reading Camp (Carryover Only)	\$ -	-	-	-	\$ 3,044
928	3118	EEDA Career Specialist	377,224	377,224	-	-	-
935	3135	Reading Coaches	286,830	286,830	-	-	98,260
936	3136	Student Health and Fitness - Nurses	190,340	190,340	-	-	-
937	3127	Student Health and Fitness - PE Teachers	66,612	66,612	-	-	-
956	3156	Adult Education	-	-	-	-	1,777
963	3630	K-12 Technology Initiative	263,668	263,668	-	-	-
994	3994	PEBA Nonemployer Contributions	620,651	620,651	-	-	-
<b>Totals</b>			<b>\$ 1,805,325</b>	<b>1,805,325</b>	<b>-</b>	<b>-</b>	<b>\$ 103,081</b>

**EDUCATION IMPROVEMENT ACT**

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

**YEAR ENDED JUNE 30, 2018**

	<b>ACTUAL</b>
<b>REVENUES</b>	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	\$ 2,304
3507 Aid to Districts - Technology	95,315
3511 Professional Development	23,614
3518 Adoption List of Formative Assessment	90,099
3525 Career and Technology Education Equipment	22,398
3526 Refurbishment of K-8 Science Kits	27,013
3528 Industry Certificates	10,643
3529 Career and Technology Education	130,420
3532 National Board Salary Supplement (No Carryover Provision)	912,312
3533 Teacher of the Year Awards	1,077
3538 Students at Risk of School Failure	565,727
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	158,168
3550 Teacher Salary Increase (No Carryover Provision)	1,693,675
3555 Teacher Salary Fringe (No Carryover Provision)	274,283
3556 Adult Education	245,767
3557 Summer Reading Camps	19,571
3558 Reading	42,254
3577 Teacher Supplies (No Carryover Provision)	157,300
3587 IDEA MOE Tier 1	187,959
3597 Aid to Districts	82,864
3599 Other EIA	2,741
Total Revenue from State Sources	<u>4,745,504</u>
<b>TOTAL REVENUES</b>	<b><u>4,745,504</u></b>

**EXPENDITURES**

100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	136,612
200 Employee Benefits	36,312
112 Primary Programs:	
100 Salaries	675,664
200 Employee Benefits	193,838
400 Supplies and Materials	77,170
113 Elementary Programs:	
100 Salaries	954,728
200 Employee Benefits	276,478
400 Supplies and Materials	\$ 189,214

(Continued)

**EDUCATION IMPROVEMENT ACT**

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

**YEAR ENDED JUNE 30, 2018**

	<b>ACTUAL</b>
114 High School Programs:	
100 Salaries	\$ 435,291
200 Employee Benefits	127,384
300 Purchased Services	1,036
400 Supplies and Materials	48,400
115 Career and Technology Education Program:	
100 Salaries	73,287
200 Employee Benefits	15,141
400 Supplies and Materials	99,258
500 Capital Outlay	32,380
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	50,385
200 Employee Benefits	13,353
400 Supplies and Materials	66,076
122 Trainable Mentally Handicapped:	
100 Salaries	18,949
200 Employee Benefits	5,006
300 Purchased Services	11,359
125 Hearing Handicapped:	
100 Salaries	2,683
200 Employee Benefits	709
126 Speech Handicapped:	
100 Salaries	28,552
200 Employee Benefits	7,561
127 Learning Disabilities:	
100 Salaries	138,879
200 Employee Benefits	43,823
400 Supplies and Materials	33,790
128 Emotionally Handicapped:	
100 Salaries	16,795
200 Employee Benefits	4,473
130 Pre-School Programs:	
137 Preschool Handicapped Self Contained (3 & 4 Yr. Olds):	
100 Salaries	4,833
200 Employee Benefits	1,285
139 Early Childhood Programs:	
100 Salaries	195,675
200 Employee Benefits	32,660
170 Summer School Programs:	
172 Elementary Summer School:	
100 Salaries	14,137
200 Employee Benefits	3,822
400 Supplies and Materials	\$ 1,612

(Continued)

**EDUCATION IMPROVEMENT ACT**

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

**YEAR ENDED JUNE 30, 2018**

	<b>ACTUAL</b>
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
300 Purchased Services	\$ 248
400 Supplies and Materials	346
182 Adult Secondary Education Programs:	
100 Salaries	10,913
200 Employee Benefits	2,915
400 Supplies and Materials	1,124
Total Instruction	<u>4,084,156</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	91,541
200 Employee Benefits	24,347
216 Vocational Placement Services:	
300 Purchased Services	10,643
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	27,500
200 Employee Benefits	7,345
400 Supplies and Materials	6,058
222 Library and Media:	
100 Salaries	47,224
200 Employee Benefits	22,044
223 Supervision of Special Programs:	
100 Salaries	153,906
200 Employee Benefits	63,304
300 Purchased Services	2,068
400 Supplies and Materials	4,886
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	9,000
200 Employee Benefits	2,404
300 Purchased Services	93,767
260 Central Support Services:	
266 Technology and Data Processing Services:	
400 Supplies and Materials	95,311
Total Support Services	<u>661,348</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 4,745,504</u></b>

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2018

---

	ACTUAL
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, 2018

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 2,304	2,304	-	-	\$ -
3507 Aid to Districts - Technology	95,315	95,315	-	-	-
3511 Professional Development	23,614	23,614	-	-	92,320
3518 Adopton List of Formative Assessment	90,099	90,099	-	-	-
3525 Career and Technology Education Equipment	22,398	22,398	-	-	9,083
3526 Refurbishment of K-8 Science Kits	27,013	27,013	-	-	18,900
3528 Industry Certificates	10,643	10,643	-	-	66,641
3529 Career and Technology Education	130,420	130,420	-	-	25,920
3532 National Board Salary Supplement (No Carryover Provision)	912,312	912,312	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3538 Students at Risk of School Failure	565,727	565,727	-	-	181,053
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	158,168	158,168	-	-	-
3550 Teacher Salary Increase (No Carryover Provision)	1,693,675	1,693,675	-	-	-
3555 Teacher Salary Fringe (No Carryover Provision)	274,283	274,283	-	-	-
3556 Adult Education	245,767	245,767	-	-	33,536
3557 Summer Reading Camps	19,571	19,571	-	-	22,526
3558 Reading	42,254	42,254	-	-	53,600
3577 Teacher Supplies (No Carryover Provision)	157,300	157,300	-	-	-
3578 High Schools That Work/Making Middle Grades Work	-	-	-	-	4,921
3587 IDEA MOE Tier I	187,959	187,959	-	-	-
3589 Maintenance of State Financial Support (MES) Tier II	-	-	-	-	87,000
3595 EEDA Supplies and Materials (No Carryover Provision)	-	-	-	-	15,127
3597 Aid to Districts	82,864	82,864	-	-	190,482
3599 Other EIA	2,741	2,741	-	-	73,072
<b>Totals</b>	<b>\$ 4,745,504</b>	<b>4,745,504</b>	<b>-</b>	<b>-</b>	<b>\$ 874,181</b>

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

YEAR ENDED JUNE 30, 2018

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

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

**Schedule B-7**

**SPECIAL REVENUE - FOOD SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2018**

	<u><b>ACTUAL</b></u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 32
1600 Food Service:	
1610 Lunch Sales to Pupils	681,583
1620 Breakfast Sales to Pupils	53,211
1630 Special Sales to Pupils	395,672
1640 Lunch Sales to Adults	14,244
1650 Breakfast Sales to Adults	1,053
1660 Special Sales to Adults	21,359
1900 Other Revenue from Local Sources:	
1990 Miscellaneous Revenue	162,827
Total Revenue from Local Sources	<u>1,329,981</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	227
Total Revenue from State Sources	<u>227</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	987,379
4830 School Breakfast Program	219,098
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	158,156
Total Revenue from Federal Sources	<u>1,364,633</u>
<b>TOTAL REVENUES</b>	<u><b>2,694,841</b></u>
<b>EXPENDITURES</b>	
256 Food Service:	
100 Salaries	920,637
200 Employee Benefits	178,944
300 Purchased Services (Exclude Energy Costs)	1,361,795
400 Supplies and Materials (Include Energy Costs)	177,241
500 Capital Outlay	13,888
600 Other Objects	2,266
Total Food Services Expenditures	<u>2,654,771</u>
<b>TOTAL EXPENDITURES</b>	<u><b>2,654,771</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>40,070</b>
FUND BALANCE, Beginning of Year	<u>580,829</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 620,899</b></u>



**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, 2018**

	<u><b>ACTUAL</b></u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 7,853,984
1140 Penalties & Interest on Taxes (Independent)	136,429
1500 Earnings on Investments:	
1510 Interest on Investments	156,270
Total Revenue from Local Sources	<u>8,146,683</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption (Tier 2)	137,846
3830 Merchant's Inventory Tax	4,111
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	15,822
Total Revenue from State Sources	<u>157,779</u>
<b>TOTAL REVENUES</b>	<u><b>8,304,462</b></u>
<b>EXPENDITURES</b>	
500 Debt Service:	
610 Redemption of Principal	4,040,000
620 Interest	4,753,650
690 Other Objects (Includes Fees for Servicing Bonds)	1,613
Total Debt Service	<u>8,795,263</u>
<b>TOTAL EXPENDITURES</b>	<u><b>8,795,263</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(490,801)</b>
FUND BALANCE, Beginning of Year	<u>13,087,195</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 12,596,394</b></u>

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

**Comprehensive Annual Financial Report**

**Capital Projects Fund**

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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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**CAPITAL PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

**YEAR ENDED JUNE 30, 2018**

	<b><u>ACTUAL</u></b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 222,783
1900 Other Revenue from Local Sources:	
1920 Contributions & Donations Private Sources	88,000
1999 Revenue from Other Local Sources	127,043
Total Revenue from Local Sources	<u>437,826</u>
<b>TOTAL REVENUES</b>	<b><u>437,826</u></b>
<b>EXPENDITURES</b>	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	64,568
400 Supplies and Materials	1,188,895
500 Capital Outlay:	
520 Construction Services	716,649
Total Finance and Operations	<u>1,970,112</u>
<b>TOTAL EXPENDITURES</b>	<b><u>1,970,112</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Exclude Indirect Costs)	7,000,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>7,000,000</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>5,467,714</b>
FUND BALANCE, Beginning of Year	<u>21,334,113</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 26,801,827</u></b>

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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, 2018**

	<b>ACTUAL</b>
<b>RECEIPTS</b>	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 13
1700 Pupil Activities:	
1710 Admissions	139,706
1720 Bookstore Sales	6,969
1740 Student Fees	131,012
1790 Other	1,714,807
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	11,535
1990 Miscellaneous Local Revenue	1,200
Total Receipts from Local Sources	<u>2,005,242</u>
<b>TOTAL RECEIPTS</b>	<b><u>2,005,242</u></b>
<b>DISBURSEMENTS</b>	
190 Instructional Pupil Activity:	
400 Supplies and Materials (Optional)	49,616
660 Pupil Activity (Optional)	40,717
Total Instruction	<u>90,333</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries (Optional)	34,639
200 Employee Benefits (Optional)	7,091
300 Purchased Services (Optional)	75,603
400 Supplies and Materials (Optional)	194,866
660 Pupil Activity (Optional)	1,499,369
Total Pupil Activity Expenditures	<u>1,811,568</u>
<b>TOTAL DISBURSEMENTS</b>	<b><u>1,901,901</u></b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>103,341</b>
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>641,984</u>
<b>DUE TO STUDENT ORGANIZATIONS, End of Year</b>	<b><u>\$ 745,325</u></b>

PUPIL ACTIVITY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2018

	<b>BALANCE- BEGINNING OF YEAR</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>BALANCE- END OF YEAR</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 12,212	-	-	\$ 12,212
Investments	18,422	-	-	18,422
Receivables	612,779	103,341	-	716,120
<b>TOTAL ASSETS</b>	<b>\$ 643,413</b>	<b>103,341</b>	<b>-</b>	<b>\$ 746,754</b>
<b>LIABILITIES</b>				
Other Payables	\$ 1,429	-	-	\$ 1,429
Due to Student Organizations	641,984	103,341	-	745,325
<b>TOTAL LIABILITIES</b>	<b>\$ 643,413</b>	<b>103,341</b>	<b>-</b>	<b>\$ 746,754</b>

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

**LOCATION RECONCILIATION SCHEDULE**

**YEAR ENDED JUNE 30, 2018**

<b>Location ID</b>	<b>Location Description</b>	<b>Education Level</b>	<b>Cost Type</b>	<b>Total Expenditures</b>
10	Clover High School	High School	School	\$ 22,346,801
11	Bethany Elementary	Elementary School	School	4,680,875
12	Bethel Elementary	Elementary School	School	4,321,833
13	Clover Middle	Middle School	School	7,195,782
14	Kinard Elementary	Elementary School	School	4,481,506
16	Oakridge Middle	Middle School	School	8,158,362
18	Larne Elementary	Elementary School	School	6,188,617
47	Griggs Road	Elementary School	School	4,595,733
51	Crowders Creek Elementary	Elementary School	School	5,554,397
52	Oakridge Elementary	Elementary School	School	5,097,121
All Others	Clover School District	Non-Schools	Central	28,826,296
<b>TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS</b>				<b>\$ 101,447,323</b>

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

<b>Fund</b>	<b>Amount</b>
General Fund	\$ 76,421,711
Special Revenue Fund	4,958,061
Special Revenue - EIA Fund	4,745,504
Special Revenue - Food Service Fund	2,654,771
Debt Service Fund	8,795,263
Capital Projects Fund	1,970,112
Pupil Activity Fund	1,901,901
	<b>\$ 101,447,323</b>

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

**STATISTICAL SECTION**

**YEAR ENDED JUNE 30, 2018**

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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.

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**Page Number**

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**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. 121

**Revenue Capacity**

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax. 127

**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. 131

**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. 135

**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. 137

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									
	2009	2010	2011	2012	2013	2014	2015 <sup>1</sup>	2016	2017	2018 <sup>2</sup>
Governmental Activities										
Net Investment in Capital Assets	\$ 41,807,358	43,203,008	49,330,211	61,373,041	67,763,734	74,238,216	71,311,344	73,499,432	91,487,724	\$ 91,296,373
Restricted	9,560,878	11,502,595	13,048,685	8,941,640	12,332,909	14,675,060	14,976,974	14,093,259	12,691,979	12,376,418
Unrestricted	37,238,460	43,743,967	51,196,151	55,593,923	58,701,987	56,690,611	(21,268,340)	(22,489,962)	(38,915,011)	(118,816,789)
Total Governmental Activities Net Position	\$ 88,606,696	98,449,570	113,575,047	125,908,604	138,798,630	145,603,887	65,019,978	65,102,729	65,264,692	\$ (15,143,998)
Primary Government										
Net Investment in Capital Assets	\$ 41,807,358	43,203,008	49,330,211	61,373,041	67,763,734	74,238,216	71,311,344	73,499,432	91,487,724	\$ 91,296,373
Restricted	9,560,878	11,502,595	13,048,685	8,941,640	12,332,909	14,675,060	14,976,974	14,093,259	12,691,979	12,376,418
Unrestricted	37,238,460	43,743,967	51,196,151	55,593,923	58,701,987	56,690,611	(21,268,340)	(22,489,962)	(38,915,011)	(118,816,789)
Total Primary Government Net Position	\$ 88,606,696	98,449,570	113,575,047	125,908,604	138,798,630	145,603,887	65,019,978	65,102,729	65,264,692	\$ (15,143,998)

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental Activities:										
Instruction	\$ 37,263,083	36,702,442	45,794,182	41,237,942	42,448,199	45,869,619	48,992,201	48,978,990	53,003,830	\$ 56,328,453
Support Services	23,980,735	32,884,022	20,419,995	29,045,695	31,783,805	35,040,645	35,328,095	41,073,986	42,410,293	44,121,822
Community Services	468	-	-	-	-	-	-	-	-	-
Intergovernmental	65,654	72,000	79,019	87,829	128,322	104,428	86,437	86,929	82,815	-
Interest and Other Charges	3,560,048	3,099,902	3,015,588	2,982,741	2,757,448	2,590,782	6,681,996	4,102,099	3,901,244	3,691,845
Loss on disposal of Assets										
Total Governmental Activities Expenses	64,869,988	72,758,366	69,308,784	73,354,207	77,117,774	83,605,474	91,088,729	94,242,004	99,398,182	104,142,120
Total Primary Government Expenses	\$ 64,869,988	72,758,366	69,308,784	73,354,207	77,117,774	83,605,474	91,088,729	94,242,004	99,398,182	\$ 104,142,120
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
Instruction	\$ 19,346	5,808	-	-	-	-	-	-	-	\$ -
Support Services	2,605,101	2,804,977	2,630,142	2,758,761	2,750,861	2,546,110	2,475,068	2,822,626	2,767,862	3,148,848
Operating Grants and Contributions	20,467,773	21,759,885	21,512,659	20,399,438	23,218,325	23,328,491	24,018,620	25,403,471	28,505,365	31,294,145
Total Governmental Activities Program Revenues	23,092,220	24,570,670	24,142,801	23,158,199	25,969,186	25,874,601	26,493,688	28,226,097	31,273,227	34,442,993
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(41,777,768)	(48,187,696)	(45,165,983)	(50,196,008)	(51,148,588)	(57,730,873)	(64,595,041)	(66,015,907)	(68,124,955)	(69,699,127)
Total Primary Government Net (Expense)/Revenue	\$ (41,777,768)	(48,187,696)	(45,165,983)	(50,196,008)	(51,148,588)	(57,730,873)	(64,595,041)	(66,015,907)	(68,124,955)	\$ (69,699,127)

(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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes by Source:										
Property Tax - General Operations	\$ 31,316,933	33,935,039	36,337,679	38,224,297	41,591,153	44,730,926	43,458,151	45,553,590	47,168,058	\$ 49,172,095
Property Tax - Debt Service	11,821,019	12,509,486	12,794,150	12,230,388	10,840,936	7,970,348	7,531,563	7,667,865	7,841,197	8,031,572
State Revenue in Lieu of Taxes	10,516,488	10,790,718	10,541,351	10,912,506	11,161,951	11,354,600	11,513,794	11,707,605	11,815,979	11,964,875
Other Taxes	212,325	199,004	237,190	205,090	187,139	143,161	143,056	125,951	149,417	157,779
Unrestricted Investment Earnings	925,869	295,386	249,815	208,345	162,439	110,261	325,828	618,448	595,296	895,166
Miscellaneous	100,327	300,937	131,275	748,939	94,996	206,834	184,171	425,199	716,971	645,704
Total Governmental Activities	54,892,961	58,030,570	60,291,460	62,529,565	64,038,614	64,536,130	63,156,563	66,098,658	68,286,918	70,867,191
Total Primary Government	\$ 54,892,961	58,030,570	60,291,460	62,529,565	64,038,614	64,536,130	63,156,563	66,098,658	68,286,918	\$ 70,867,191
<b>Change in Net Position:</b>										
Governmental Activities	\$ 13,115,193	9,842,874	15,125,477	12,333,557	12,890,026	6,805,257	(1,438,478)	82,751	161,963	\$ 1,168,064
Total Primary Government	\$ 13,115,193	9,842,874	15,125,477	12,333,557	12,890,026	6,805,257	(1,438,478)	82,751	161,963	\$ 1,168,064

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Pre-GASB #54 <sup>1</sup>										
Unreserved	\$ 14,104,489	14,156,604	-	-	-	-	-	-	-	\$ -
Post GASB #54 <sup>1</sup>										
Committed	-	-	14,833,765	15,927,336	17,308,602	18,000,560	18,236,385	18,958,714	465,658	682,994
Unassigned	-	-	-	-	-	-	-	-	20,150,845	21,289,930
Total General Fund	\$ 14,104,489	14,156,604	14,833,765	15,927,336	17,308,602	18,000,560	18,236,385	18,958,714	20,616,503	21,972,924
All Other Governmental Funds										
Pre-GASB #54 <sup>1</sup>										
Reserved	\$ 19,715,821	19,549,379	-	-	-	-	-	-	-	\$ -
Unreserved, Reported In:										
Special Revenue Funds	232,473	291,481	-	-	-	-	-	-	-	-
Capital Projects Funds	21,373,477	27,381,213	-	-	-	-	-	-	-	-
Post GASB #54 <sup>1</sup>										
Non-Spendable: Special Revenue Funds										
Restricted:										
Special Revenue Funds	-	-	22,391	22,391	22,391	-	-	-	-	-
Capital Projects Funds	-	-	734,859	554,398	748,225	652,053	648,312	1,000,614	652,515	719,263
Debt Service Funds	-	-	3,705,278	-	-	-	52,711,802	-	-	-
Assigned:										
Capital Projects Funds	-	-	34,388,737	37,268,385	39,402,809	36,366,975	37,818,737	36,983,262	21,334,113	26,801,827
Special Education	-	-	312,890	368,019	367,109	352,675	353,902	364,247	408,830	373,350
Total All Other Governmental Funds	\$ 41,321,771	47,222,073	51,934,070	47,071,253	52,623,011	51,858,056	106,736,831	52,605,504	35,482,653	40,490,834

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									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>											
Local Sources:											
Taxes by Source:											
	Property Tax - General Operations	\$ 31,046,150	33,548,591	35,686,233	38,760,230	41,997,869	44,403,992	43,122,927	45,033,337	46,742,100	\$ 48,719,732
	Property Tax - Debt Service	11,726,553	12,413,122	12,721,614	12,313,689	10,925,661	7,963,177	7,506,834	7,609,617	7,795,025	7,990,413
	Investment Earnings	925,869	295,386	249,815	208,345	162,439	110,261	325,828	618,448	595,296	895,166
	Other Local Sources	1,695,889	2,095,585	1,820,037	2,377,875	1,858,916	1,798,003	1,620,646	2,208,938	2,484,347	2,401,136
	State Sources	25,477,622	24,569,343	27,447,753	28,917,591	31,835,994	32,068,721	32,955,916	34,617,109	37,555,821	41,792,398
	Federal Sources	3,238,428	5,831,241	5,782,171	3,729,057	3,719,451	3,712,471	3,757,730	3,658,599	3,915,426	4,111,179
	Intergovernmental Revenue	3,509,421	3,365,160	2,656	209	209	-	416	206	-	-
	Total Revenues	77,619,932	82,118,428	83,710,279	86,306,996	90,500,539	90,056,625	89,290,297	93,746,254	99,088,015	105,910,024
<b>Expenditures</b>											
Current:											
	Instruction	35,758,030	37,389,723	37,313,059	38,433,879	40,452,978	42,819,652	45,175,037	45,602,721	47,817,384	49,443,376
	Support Services	24,362,721	32,265,038	25,985,792	28,338,035	30,264,801	34,442,732	34,430,625	38,755,271	39,036,607	39,820,512
	Community Services	468	-	-	-	-	-	-	-	-	-
	Intergovernmental	65,654	72,000	79,019	87,829	128,322	104,428	86,437	86,929	82,815	699,172
	Capital Outlay	36,184,932	346,952	13,564,027	11,504,101	4,810,220	7,041,366	20,042,319	53,929,715	18,388,109	787,099
	Debt Service:										
	Principal	3,200,000	2,640,000	8,040,000	8,295,000	4,975,000	2,960,000	3,120,000	4,030,000	4,260,000	4,040,000
	Interest and Fiscal Charges	3,673,709	3,247,298	3,226,778	3,172,308	2,936,194	2,761,444	4,512,679	4,750,616	4,968,162	4,755,263
	Total Expenditures	103,245,514	75,961,011	88,208,675	89,831,152	83,567,515	90,129,622	107,367,097	147,155,252	114,553,077	99,545,422
Excess of Revenues Over (Under) Expenditures		\$ (25,625,582)	6,157,417	(4,498,396)	(3,524,156)	6,933,024	(72,997)	(18,076,800)	(53,408,998)	(15,465,062)	\$ 6,364,602

(Continued)

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

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

TABLE 4

**LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Other Financing Sources (Uses)</b>										
Transfers In	\$ 7,110,233	10,903,369	7,000,271	11,646,620	9,686,362	7,103,031	3,250,000	2,800,000	4,300,000	\$ 7,000,000
Transfers Out	(7,262,733)	(11,108,369)	(7,205,361)	(11,891,710)	(9,686,362)	(7,103,031)	(3,250,000)	(2,800,000)	(4,300,000)	(7,000,000)
Premium on Bonds Sold	377,363	-	92,644	-	-	-	14,169,114	-	-	-
Issuance of General Obligation Bonds	-	-	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)	104,811	(205,000)	9,887,554	(245,090)	-	-	73,191,400	-	-	-
Net Change in Fund Balances	\$ (25,520,771)	5,952,417	5,389,158	(3,769,246)	6,933,024	(72,997)	55,114,600	(53,408,998)	(15,465,062)	\$ 6,364,602
Capital Asset Expenditures	\$ 36,893,536	3,507,833	13,904,533	11,524,345	4,810,221	7,025,997	20,003,405	53,915,256	18,241,904	\$ 758,070
Debt Service as a Percentage of Noncapital Expenditures	10.4%	8.1%	15.2%	14.6%	10.0%	6.9%	8.7%	9.4%	9.6%	8.9%

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

**TABLE 5**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

Fiscal Year Ended June 30	Assessed Real Property		Assessed Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other				
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%
2017	118,746,542	19,330,372	25,554,210	170,388,163	334,019,287	208.80	5,044,869,659	6.6%
2018	\$ 124,346,978	20,242,101	25,502,389	171,786,011	\$ 341,877,479	214.80	\$ 5,220,739,908	6.5%

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 <sup>1</sup>			Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total Millage	Town of Clover Millage	York County Incorporated Millage	York County Unincorporated Millage	
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
2017	184.800	24.000	208.800	122.200	72.800	9.600	413.400
2018	190.800	24.000	214.800	126.200	83.200	10.000	434.200

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**

<b>Taxpayer</b>	<b>2018</b>			<b>2009</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
NC Municipal Power Agency #1	\$ 63,721,490	1	19.9%	\$ 51,724,680	1	18.8%
NC Electric Membership Corp	41,999,900	2	13.1%	40,042,080	2	14.5%
Duke Energy Corporation	29,037,460	3	9.1%	18,768,480	3	6.8%
Piedmont Municipal Power	20,859,420	4	6.5%	17,145,180	4	6.2%
York Electric Coop Inc.	2,013,740	5	0.6%			
The Village At Lake Wylie LLC	1,677,900	6	0.5%	1,224,000	6	0.4%
Revere At Lake Wylie LLC	1,447,732	7	0.5%			
Performance Friction Corp.	951,280	8	0.3%	988,019	7	0.4%
Wal-Mart Real Estate Bus. Trst.	770,118	9	0.2%			
Marlin Bay Dev Co. LLC	737,472	10	0.2%			
Saluda River Electric Coop Inc.				9,135,000	5	3.3%
Bell South Telecommunications				735,190	8	0.3%
Handsmill Enterprises LLC				626,729	9	0.2%
Pharr Yarns LLC				431,470	10	0.2%
Totals	<u>\$ 163,216,512</u>		<u>51.0%</u>	<u>\$ 140,820,828</u>		<u>51.1%</u>

Source: York County Government

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

**TABLE 8**

**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

Fiscal Year Ended June 30	Original Tax		Adjustments to		Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Levy for Fiscal Year	Original Tax Levy for Fiscal Year	Levy for Fiscal Year	Original Tax Levy for Fiscal Year		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 47,059,168	6,794,463	53,853,631	\$ 52,674,392	97.8%	\$ 868,251	\$ 53,542,643	99.4%		
2010	54,901,985	2,290,276	57,192,261	56,057,146	98.0%	977,723	57,034,869	99.7%		
2011	57,241,286	2,691,387	59,932,673	58,046,838	96.9%	1,255,922	59,302,760	99.0%		
2012	61,101,952	1,665,057	62,767,009	60,830,035	96.9%	2,090,296	62,920,331	100.2%		
2013	60,253,377	4,392,840	64,646,217	63,504,734	98.2%	472,187	63,976,921	99.0%		
2014	60,737,836	5,991,899	66,729,735	63,229,048	94.8%	314,083	63,543,131	95.3%		
2015	58,421,223	4,724,852	63,146,075	61,938,295	98.1%	59,181	61,997,476	98.2%		
2016	60,536,250	4,735,067	65,271,317	64,004,661	98.1%	262,632	64,267,293	98.5%		
2017	64,630,511	3,046,460	67,676,971	66,209,875	97.8%	387,650	66,597,525	98.4%		
2018	\$ 64,835,627	5,043,015	69,878,642	\$ 68,523,834	98.1%	-	\$ 68,523,834	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**

<b>Fiscal Year Ended June 30</b>	<b>Governmental Activities</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Capital Leases</b>			
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	1.3%	513
2016	123,840,782	-	123,840,782	N/A	\$ 479
2017	118,584,697	-	118,584,697	N/A	N/A
2018	\$ 113,548,612	-	\$ 113,548,612	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**

<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Funds</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
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	14,486,353	42,576,597	0.9%	174
2015	128,866,867	15,204,078	113,662,789	2.4%	452
2016	123,840,782	14,257,381	109,583,401	2.3%	\$ 424
2017	118,584,697	13,087,195	105,497,502	2.1%	N/A
2018	\$ 113,548,612	12,596,394	\$ 100,952,218	1.9%	N/A

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

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

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

NA - Not available.

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

**Table 11**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF JUNE 30, 2018**

**UNAUDITED**

<b>Governmental Unit</b>	<b>Governmental Activities Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
Debt Repaid with Property Taxes:			
Town of Clover	\$ 513,130	100.0%	\$ 513,130
York County Government	\$ 142,997,283	26.6%	38,025,059
Subtotal, Overlapping Debt			38,538,189
Clover School District Two Direct Debt			113,548,612
Total Direct and Overlapping Debt			<u>\$ 152,086,801</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 22,058,902	23,144,207	23,685,409	25,092,794	25,944,864	26,671,401	25,625,800	25,833,048	26,721,543	\$ 27,350,198
Total Net Debt Applicable to Debt Limit	-	-	5,000,000	-	-	-	-	-	-	-
Legal Debt Margin	\$ 22,058,902	23,144,207	18,685,409	25,092,794	25,944,864	26,671,401	25,625,800	25,833,048	26,721,543	\$ 27,350,198
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	0.0%	0.0%	21.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Legal Debt Margin Calculation for Fiscal Year**

Total Assessed Value	\$ 341,877,479
Debt Limit (8% of Total Assessed Value)	27,350,198
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	102,780,000
Less: Debt Issued Through Referendum	(102,780,000)
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**

<b>Fiscal Year Ended June 30</b>	<b>(1) Population</b>	<b>(2) Personal Income*</b>	<b>(2) Per Capita Personal Income</b>	<b>(3) ** School Enrollment</b>	<b>(4) Unemployment Rate</b>
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	9,992,132	39,778	6,787	6.0%
2016	258,526	\$ 10,486,063	\$ 40,561	7,078	4.9%
2017	266,439	N/A	N/A	7,213	4.0%
2018	N/A	N/A	N/A	7,493	4.0%

**Data Sources:**

- (1) South Carolina Division of Research and Statistics. This number represents the County population.
- (2) U.S. Department of Commerce, Bureau of the Census.  
These numbers represent the County personal income and per capita income.
- (3) Clover School District Two
- (4) 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**

<b>Employer</b>	<b>2018</b>			<b>2009</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Lash Group	2,900	1	2.32%			
Rock Hill School District	2,484	2	1.98%	2,475	1	2.44%
Ross Stores, Inc.	2,391	3	1.91%	1,800	4	1.77%
LPL Financial	2,000	4	1.60%			
Fort Mill School District	1,732	5	1.38%	1,226	6	1.21%
Piedmont Medical Center	1,650	6	1.32%	1,480	5	1.46%
Schaeffler Group USA, Inc.	1,304	7	0.95%			
Winthrop University	1,170	8	0.93%	853	10	0.84%
York County	1,146	9	0.92%			
Clover School District	1,137	10	0.91%			
Wells Fargo				2,154	2	2.12%
CitiFinancial				1,850	3	1.82%
Duke Power Catawba Nuclear Station				1,200	7	1.18%
Comporium Communications				1,035	8	1.02%
Abitibi Bowater				912	9	0.90%
Totals	<u>17,914</u>		<u>14.22%</u>	<u>14,985</u>		<u>14.76%</u>

Source: York County Government and South Carolina Virtual Onestop.

Note: These figures represent Top County Employers. Figures are not available for Clover School District No. 2.



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

**TABLE 15**

**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Instruction										
Teachers	440	454	457	463	477	492	514	522	538	553
Librarians	10	10	11	11	11	11	11	11	11	11
Guidance	16	17	17	18	19	22	20	20	21	22
Other	137	150	143	152	143	156	155	154	160	165
Support Services										
Principals	9	9	9	9	9	10	10	10	10	11
Assistant Principals	15	16	16	16	16	16	16	16	16	18
Administration	19	21	23	22	24	25	25	24	25	27
Other	235	250	259	256	253	264	268	273	299	301
Total	881	927	935	947	952	996	1,019	1,030	1,080	1,108

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

**TABLE 16**

**OPERATING INDICATORS BY FUNCTION**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

Fiscal Year Ended	Pupil Enrollment	Modified Accrual Basis of Accounting				Accrual Basis of Accounting				Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals <sup>3</sup>
		Operating Expenditures <sup>1</sup>	Cost per Pupil	Percentage Change	Expenses <sup>2</sup>	Cost per Pupil	Percentage Change					
June 30												
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%		
2017	7,213	86,936,806	12,053	1.0%	95,496,938	13,240	4.0%	538	13	30.5%		
2018	7,493	\$ 89,963,060	\$ 12,006	-0.4%	\$ 100,450,275	\$ 13,406	1.3%	553	14	29.6%		

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b><u>Elementary</u></b>										
Bethany Elementary										
Square Feet	59,688	59,688	59,688	59,688	59,688	59,688	59,688	59,688	59,688	59,688
Capacity	440	440	440	440	440	440	440	440	440	440
Enrollment	276	265	263	264	373	343	363	360	359	365
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	392	329	312	328	298	291	328	369	362	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	496	533	509	484	453	462	456	448	443	438
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	495	358	359	352	339	369	360	419	405	448
Crowders Creek Elementary										
Square Feet	151,524	151,524	151,524	151,524	151,524	164,324	164,324	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	1,253	922	941	972	1,002	1,010	1,080	1,167	620	687
Larne Elementary										
Square Feet	121,000	121,000	121,000	121,000	121,000	121,000	121,000	121,000	121,000	121,000
Capacity	750	750	750	750	750	750	750	750	750	750
Enrollment	517	517	529	527	477	489	489	476	501	485
Oakridge Elementary										
Square Feet									121,000	121,000
Capacity									750	750
Enrollment									593	610

(Continued)

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

TABLE 17

**CAPITAL ASSET STATISTICS BY FUNCTION**

**LAST TEN FISCAL YEARS**

**UNAUDITED**

School	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b><u>Middle School</u></b>										
Clover Middle										
Square Feet	90,000	142,550	142,550	142,550	142,550	142,550	142,550	142,550	185,715	185,715
Capacity	885	1,094	1,094	1,094	1,094	1,094	1,094	1,094	1,000	1,000
Enrollment	456	692	667	679	655	696	686	714	801	853
Oakridge Middle										
Square Feet		180,000	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	1,000
Enrollment		788	839	869	918	920	970	991	938	952
<b><u>Junior High</u></b>										
Clover Junior High										
Square Feet	142,550									
Capacity	1,094									
Enrollment	1,020									
<b><u>High</u></b>										
Clover High & Technology Center										
Square Feet	307,037	307,037	307,037	359,537	359,537	359,537	359,537	359,537	359,537	502,087
Capacity	2,034	2,034	2,034	2,400	2,400	2,400	2,400	2,400	2,400	3,400
Enrollment	1,815	1,880	1,865	1,891	1,972	1,993	2,055	2,134	2,191	2,286

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.

2: A replacement Clover Middle School was opened in August 2016.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2018**

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	\$ 219,098
600	National School Lunch Program - Cash Assistance	10.555	N/A	987,379
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	158,156
TOTAL US DEPARTMENT OF AGRICULTURE		Total 10.553 & 10.555 Cluster		1,364,633
US DEPARTMENT OF EDUCATION				
Pass-through State Department of Education:				
201	Title I	84.010	Title I, Part A (Regular)	939,457
201	Title I - Mini Grant	84.010	Title I, Mini Grant	31,557
		Total 84.010		971,014
Individuals with Disabilities Education Act				
203	Special Education - Grants to States	84.027	16 IDEA	205,484
203	Special Education - Grants to States	84.027	17 IDEA	582,949
203	Special Education - Grants to States	84.027	18 IDEA	538,802
205	Special Education - Preschool Grants	84.173	FY 17 Preschool	20,980
205	Special Education - Preschool Grants	84.173	FY 18 Preschool	16,278
		Total 84.027 & 84.173 Cluster		1,364,493
207	Occupational Education - Mechatronics	84.048A	CATE	82,323
243	Adult Education - Basic	84.002	18 Adult Education	82,724
264	ESOL - Title III	84.365	17 English Language Acquisition	3,556
264	ESOL - Title III	84.365	18 English Language Acquisition	9,626
		Total 84.365		13,182
267	Improving Teacher Quality	84.367	17 Title II Improving Teacher Quality	27,770
267	Improving Teacher Quality	84.367	18 Title II Improving Teacher Quality	140,237
		Total 84.367		168,007
TOTAL US DEPARTMENT OF EDUCATION				2,681,743
US DEPARTMENT OF DEFENSE				
Direct Programs:				
277	JROTC	12.000	N/A	64,803
TOTAL US DEPARTMENT OF DEFENSE				64,803
TOTAL FEDERAL ASSISTANCE EXPENDED				\$ 4,111,179

**Note:** The School District did not have any expenditures to subrecipients for the year ended June 30, 2018.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2018**

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**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, 2018. 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% *de minimis* indirect cost rate allowed under the Uniform Guidance.



# Greene Finney, LLP

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## 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, 2018, 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 29, 2018.

#### 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*.

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### **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.

*Greene Finney, LLP*

Greene Finney, LLP  
Mauldin, South Carolina  
November 29, 2018





**Greene Finney, LLP**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE 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, 2018. 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, 2018.

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## 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, LLP  
Mauldin, South Carolina  
November 29, 2018

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2018**

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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, 2018**

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**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>
10.553, 10.555	Child Nutrition Cluster

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