

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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

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

PRINCIPAL OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2009

Board of Trustees

Franklin Pendleton, Chairperson

Joe Gordon, Vice-Chairperson

Kathy Cantrell, Secretary

Jack Grier

Bob Magee

Mack McCarter

Melanie Wilson

Superintendent

Dr. Marc Sosne

Assistant Superintendent of Business Services

Kenneth Love



INDEPENDENT AUDITORS' REPORT

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

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, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic 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, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2009 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison schedule for the General Fund, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, combining and individual fund financial schedules, and the supplemental schedule, 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the School District. The combining and individual fund financial schedules, supplemental schedule, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Greene, Finney & Horton LLP

Greene, Finney, and Horton, LLP
Mauldin, South Carolina
November 4, 2009

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

This discussion and analysis of Clover School District Number No. 2 (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to present the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2009 are as follows:

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by approximately \$88.6 million. Of this amount, approximately \$37.2 million may be used to meet the School District's ongoing obligations (unrestricted net assets).
- The School District's total net assets increased by approximately \$13.1 million. Most of this increase in total net assets is due to the School District's desire to build net assets (set aside funds) in anticipation of future building projects and because expenditures for capital assets and bond payments are not considered expenses in the government-wide basic financial statements, partially offset by depreciation expense.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$55.4 million, a decrease of approximately \$25.5 million from the prior year ending fund balance, which is primarily attributable to a bond proceeds received in the prior year being spent on capital projects during fiscal year 2009. Approximately 26% of the total fund balance amount (unreserved and undesignated fund balance), or approximately \$14.3 million, is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was approximately \$14.1 million, which was approximately 28% of total General Fund expenditures.
- The School District's total net capital assets increased by approximately \$35.2 million (49%) during the current fiscal year. Key factors in this increase were the School District's construction of two new schools and other capital assets of approximately \$36.9 million, partially offset by depreciation expense of approximately \$1.7 million.
- The School District's total debt (including premium) decreased by approximately \$2.9 million (4%) during the current fiscal year due to a debt issuance of approximately \$14.1 million (which was used to refund the 1999 general obligation bonds) less scheduled/refunding principal payments and amortization of the premium of approximately \$17.0 million.
- During the 2009 fiscal year, the School District's governmental fund type revenues were approximately \$77.6 million compared to approximately \$77.7 million in the prior year. This decrease of approximately 1% was primarily due to increased local taxes offset by state and intergovernmental revenue reductions.
- The School District had approximately \$64.9 million in expenses related to governmental activities, as reported under GASB #34 requirements. Approximately \$23.1 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of approximately \$54.9 million provided remaining funding for these programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *Introductory Section*, *Financial Section* (which includes management's discussion and analysis, the basic financial statements, and the notes to the basic financial statements), and the *Compliance Section*.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The *Statement of Net Assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The governmental-wide basic financial statements can be found as listed on the table of contents of this report.

Fund Basic Financial Statements. The remaining basic 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 basic financial statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide basic financial statements. However, unlike the government-wide basic financial statements, governmental fund basic 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 basic financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide basic 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 – EIA Fund, Special Revenue – Food Service Fund, Debt Service Fund, and Capital Projects Fund, of which, all are considered to be major funds. The basic governmental fund financial statements can be found as listed on the table of contents of this report.

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 basic 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 activity funds of the schools and accounts for this activity in an agency fund. The basic fiduciary fund financial statement can be found as listed on the table of contents of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

The School District has a legally adopted budget only for its General Fund. A budgetary comparison schedule has been provided as required supplementary information for this fund to demonstrate compliance with its budget. This schedule can be found as listed on the table of contents of this report.

Figure A-1 Major Features of the School District's Government-Wide and Fund Basic Financial Statements			
	Government-Wide Basic Financial Statements	Fund Basic Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School District government (except fiduciary funds) and the School District's component units	The activities of the School District that are not fiduciary	Instances in which the School District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required financial statements	<ul style="list-style-type: none"> ▪ Statement of net assets ▪ Statement of activities 	<ul style="list-style-type: none"> ▪ Balance sheet ▪ Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> ▪ Statement of fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon, thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; the School District's funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the School District, assets exceeded liabilities by approximately \$88.6 million at the close of the most recent fiscal year.

Table 1 provides a summary of the School District’s net assets for 2009 and 2008:

Table 1
Net Assets

	Governmental Activities	
	2009	2008
Assets		
Current and Other Assets	\$ 70,421,913	\$ 93,253,066
Capital Assets, Net	106,901,475	71,687,110
Total Assets	<u>177,323,388</u>	<u>164,940,176</u>
Liabilities		
Other Liabilities	14,138,762	11,949,747
Long-Term Liabilities	74,577,930	77,498,926
Total Liabilities	<u>88,716,692</u>	<u>89,448,673</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	41,807,358	38,405,336
Restricted	9,560,878	5,960,277
Unrestricted	37,238,460	31,125,890
Total Net Assets	<u>\$ 88,606,696</u>	<u>\$ 75,491,503</u>

The School District’s current and other assets at June 30, 2009 decreased by approximately \$22.8 million from the prior year, primarily due to unspent bond proceeds from the previous fiscal year being spent on capital projects. The School District’s capital assets at June 30, 2009 increased by approximately \$35.2 million from the prior year. The increase was primarily due to continuing construction in progress on two schools, roof improvements, and other additions of approximately \$36.9 million, partially offset by depreciation expense of approximately \$1.7 million. Total liabilities at June 30, 2009 decreased by approximately \$0.7 million from the prior year. This decrease was primarily due to scheduled/refunding principal payments on long-term debt and amortization of the premium of approximately \$17.0 million, partially offset by an increase in accruals related to the construction costs (approximately \$2.2 million) and the issuance of new debt (approximately \$14.1 million).

The School District’s net assets increased by approximately \$13.1 million during 2009, which is the result of current year revenues exceeding current year expenses. Please see discussion following the next table regarding this increase.

In the case of the School District, assets exceeded liabilities (net assets) by approximately \$86.6 million at the close of the most recent fiscal year. By far the largest portion of the School District’s net assets (approximately \$41.8 million or 47%) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, etc.) less any related outstanding debt and capital leases used to acquire those assets. The School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the School District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay these long-term obligations must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the School District's net assets of approximately \$9.6 million (11%) represents resources that are subject to external restrictions on how they may be used. These net assets are restricted for special revenue programs (which are restricted by the revenue source), food service program, and debt service payments. The remaining balance is unrestricted net assets of approximately \$37.2 million (42%) which may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net assets for fiscal year 2009 and 2008.

Table 2
Changes in Net Assets

Revenues	Governmental Activities	
	2009	2008
Program Revenues:		
Charges for Services	\$ 2,624,447	\$ 2,567,898
Operating Grants	20,467,773	22,517,840
General Revenue:		
Taxes	53,866,765	50,033,807
Other	1,026,196	2,829,587
Total Revenues	<u>77,985,181</u>	<u>77,949,132</u>
Program Expenses		
Instruction	37,263,083	35,058,433
Support Services	23,980,735	25,112,929
Community Services	468	-
Intergovernmental	65,654	65,450
Interest and Fiscal Charges	3,560,048	3,191,967
Total Program Expenses	<u>64,869,988</u>	<u>63,428,779</u>
Change in Net Assets	13,115,193	14,520,353
Net Assets, Beginning of Year	<u>75,491,503</u>	<u>60,971,150</u>
Net Assets, End of Year	<u>\$ 88,606,696</u>	<u>\$ 75,491,503</u>

Governmental Activities. The School District's net assets from 2008 to 2009 increased by approximately \$13.1 million or 17%. Key elements that impacted the change in net assets for 2009 are as follows:

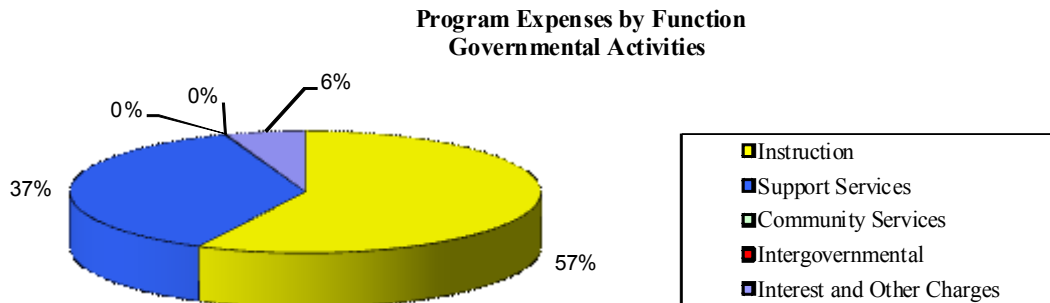
- Operating revenues of the School District continuing to exceed the operating expenses of the School District (as expenditures for capital assets, construction projects and bond payments are not considered expenses in the government-wide statements, partially offset by depreciation).
- The School District's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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

Governmental Funds

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

For the year ended June 30, 2009, the School District's governmental funds reported a combined fund balance of approximately \$55.4 million, as compared to approximately \$80.9 million for the prior year. The significant difference is due primarily to the School District's spending bond proceeds received in the prior year for the various ongoing construction projects during fiscal year 2009. In particular, unreserved and undesignated 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, 2009, the School District's unreserved, undesignated fund balance for all governmental funds was approximately \$14.3 million. The remaining \$41.1 million is primarily reserved or designated for inventories, special revenue, capital projects, debt service, and food service.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund totaled approximately \$14.1 million (which was also the total fund balance). The School District's General Fund balance increased by approximately \$0.7 million (5%) during fiscal year 2009. The District has a goal of 25% of its subsequent year's operation budget as its unreserved and undesignated fund balance for the General Fund.

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

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

The Debt Service Fund is shown in the accompanying basic financial statements of the School District. The fund is used to account for debt retirement. The fund balance for the Debt Service Fund increased by approximately \$3.3 million from the prior year's balance, primarily due to increased tax assessment and collections. The fiscal year ended 2009 fund balance was approximately \$9.3 million which is reserved for the payment of debt service.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

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

Governmental Funds (Continued)

The Capital Projects Fund is utilized to account for the School District’s significant capital project transactions. The fund balance for the Capital Projects Fund decreased by approximately \$29.5 million in 2009 to approximately \$30.9 million for the fiscal year ended June 30, 2009. The decrease was primarily a result of funds borrowed in the prior year being spent on ongoing construction projects on two new schools during fiscal year 2009.

General Fund Budgetary Highlights

The School District’s budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The School District has only one legally adopted budget – the General Fund. During the course of fiscal year 2009 no amendments to the School District’s General Fund revenue or expense budgets were made. Key budget to actual highlights are as follows:

- There were significant unexpected state revenue shortfalls.
- The School District's total assessed value for property taxes was higher than anticipated at budget time.
- Student body growth but not as significant as in the past.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the School District’s investment in capital assets was approximately \$106.9 million, net of accumulated depreciation. The total increase in the School District’s investment in net capital assets was approximately \$35.2 million, or 49%.

Table 3 shows fiscal 2009 and 2008 capital asset balances:

Table 3
Capital Assets, Net

	Governmental Activities	
	June 30, 2009	June 30, 2008
Land	\$ 6,237,893	\$ 6,106,372
Construction in Progress	51,998,169	18,792,253
Building and Improvements	68,298,067	65,749,230
Machinery and Equipment	3,680,491	2,673,229
Less: Accumulated Depreciation	(23,313,145)	(21,633,974)
Totals	\$ 106,901,475	\$ 71,687,110

Major capital asset events during the current fiscal year included:

- Continued construction on two new schools for approximately \$33.2 million.
- New lighting, roofs, vehicles, and equipment of approximately \$3.6 million.
- Purchased land for approximately \$.1 million.
- Depreciation expense of approximately \$1.7 million.

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

As shown in Table 4, the School District had outstanding debt of approximately \$74.6 million and \$77.5 million as of June 30, 2009 and 2008, respectively. During 2009, the School District issued long-term debt of approximately \$14.1 million for the refunding of the 1999 general obligation bonds. The School District also made scheduled/refunding principal payments on debt in 2009 of approximately \$16.9 million, and had amortization of premium of approximately \$0.1 million. All of the School District’s debt is backed by the full faith and credit of the School District as is typical with general obligation (“GO”) bonded indebtedness.

Table 4
Long-Term Debt

Long-Term Debt	Governmental Activities	
	June 30, 2009	June 30, 2008
1999 GO Bonds*	\$ -	\$ 16,700,000
2007-A GO Bonds*	58,500,000	58,500,000
2008 GORB	13,900,000	-
Premium - 2007-A GO Bonds	2,177,930	2,298,926
	<u>\$ 74,577,930</u>	<u>\$ 77,498,926</u>

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

The State limits the amount of general obligation debt that school districts can issue to 8% of the assessed value of all taxable property within the School District’s corporate limits. The School District’s constitutional debt limit at June 30, 2009, was approximately \$22.0 million of which the School District had no debt outstanding against this limit.

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

More detailed information about the School District’s debt and other long-term obligations is presented in the notes to the basic 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 2000 population of 4,014. The School District is bordered on the north by the State of North Carolina, the east by Lake Wylie, the south by York School District No. 1 and the west by Cherokee County and encompasses a land area of approximately 142 square miles.

The School District has been in operation since 1915 when one school with an enrollment of 202 was established. Presently, the School District operates nine schools and has a total enrollment of approximately 6,450 students. The School District in its present form was established in 1953 when five former school districts were consolidated into the School District.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2009

ECONOMIC FACTORS (CONTINUED)

Duke Power Company has constructed the Catawba Nuclear Station consisting of two nuclear units estimated to cost approximately \$4 billion. The combined number of employees for the Catawba Nuclear Station and Duke Power Company is approximately 2,441. Unit 1 was placed in commercial operation in June, 1985 and was in the School District's tax base for tax year 1986-87. Commercial operation of Unit 2 commenced in August, 1987, and was in the School District's tax base for tax year 1987-88.

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

The nuclear station comprises approximately 48% of the School District's total property tax assessment. Last year, the station comprised 51% 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 97.5% of the taxes levied.

FY 2010 BUDGET

Many factors were considered by the School District's administration during the process of developing the fiscal year 2009-2010 budget which is balanced without using reserve funds. The School District's top two goals were to improve academic achievement and to support its ongoing building program. Curriculum specialists were added during prior years in order to meet the goal of improving academic achievement. Salary increases for employees range from 0% to 2.0% for budget year 2009-2010. 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 ASSETS

JUNE 30, 2009

	PRIMARY GOVERNMENT
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 13,839,275
Cash and Investments Held by County Treasurer	52,080,715
Property Taxes Receivable, Net	2,199,591
Accounts Receivable, Net	23,530
Due from Other Governments	2,228,916
Inventories and Prepaid Items	49,886
Capital Assets:	
Non-Depreciable	58,236,062
Depreciable, Net	48,665,413
TOTAL ASSETS	177,323,388
LIABILITIES	
Accounts Payable	7,484,394
Accrued Salaries, Fringe & Benefits	4,335,821
Accrued Interest Payable	1,070,952
Unearned Revenue	1,247,595
Non-Current Liabilities:	
Due Within One Year	2,640,000
Due in More than One Year	71,937,930
TOTAL LIABILITIES	88,716,692
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	41,807,358
Restricted For:	
Debt Service	8,618,957
Special Revenue	106,804
Food Service	835,117
Unrestricted	37,238,460
TOTAL NET ASSETS	\$ 88,606,696

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

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

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE / CHANGE IN NET ASSETS
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities:					
Instruction	\$ 37,263,083	19,346	14,605,322	-	\$ (22,638,415)
Support Services	23,980,735	2,605,101	5,862,451	-	(15,513,183)
Community Services	468	-	-	-	(468)
Intergovernmental	65,654	-	-	-	(65,654)
Interest and Other Charges	3,560,048	-	-	-	(3,560,048)
Total Governmental Activities	<u>64,869,988</u>	<u>2,624,447</u>	<u>20,467,773</u>	<u>-</u>	<u>(41,777,768)</u>
TOTAL PRIMARY GOVERNMENT	\$ 64,869,988	2,624,447	20,467,773	-	(41,777,768)
GENERAL REVENUES					
General Revenues:					
Property Taxes Levied for General Purposes					31,316,933
Property Taxes Levied for Debt Service					11,821,019
State Revenue in Lieu of Taxes					10,516,488
Other Taxes					212,325
Investment Earnings					925,869
Miscellaneous					100,327
Total General Revenues					<u>54,892,961</u>
CHANGE IN NET ASSETS					13,115,193
NET ASSETS - Beginning of Year					<u>75,491,503</u>
NET ASSETS - Ending of Year					<u>\$ 88,606,696</u>

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

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

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2009

	GENERAL	SPECIAL REVENUE
ASSETS		
Cash and Cash Equivalents	\$ 13,815,408	-
Cash and Investments Held by County Treasurer	14,315,699	-
Receivables, Net:		
Taxes	1,721,674	-
Accounts	66	23,464
Due From:		
State Agencies	89,846	275,936
Federal Agencies	-	1,297,207
Other Funds	777,018	696,789
Inventories	-	-
TOTAL ASSETS	30,719,711	2,293,396
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	4,067,569	23,100
Accrued Salaries, Fringe & Benefits	4,335,821	-
Due To:		
Other Funds	6,693,063	1,251,258
Deferred/Unearned Revenue	1,518,769	679,761
TOTAL LIABILITIES	16,615,222	1,954,119
FUND BALANCES:		
Fund Balances		
Reserved for:		
Inventories	-	-
Debt Service	-	-
Capital Projects	-	-
Special Revenue	-	106,804
Food Service	-	-
Unreserved:		
Designated for Capital Projects	-	-
Undesignated	14,104,489	232,473
TOTAL FUND BALANCES	14,104,489	339,277
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,719,711	2,293,396

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

SPECIAL REVENUE - EIA	SPECIAL REVENUE - FOOD SERVICE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	23,867	-	-	\$ 13,839,275
-	-	9,210,731	28,554,285	52,080,715
-	-	477,917	-	2,199,591
-	-	-	-	23,530
565,927	-	-	-	931,709
-	-	-	-	1,297,207
423,683	798,406	-	5,696,530	8,392,426
-	49,886	-	-	49,886
989,610	872,159	9,688,648	34,250,815	78,814,339
-	-	-	3,393,725	7,484,394
-	-	-	-	4,335,821
448,105	-	-	-	8,392,426
541,505	37,042	398,361	-	3,175,438
989,610	37,042	398,361	3,393,725	23,388,079
-	49,886	-	-	49,886
-	-	9,290,287	-	9,290,287
-	-	-	9,483,613	9,483,613
-	-	-	-	106,804
-	785,231	-	-	785,231
-	-	-	21,373,477	21,373,477
-	-	-	-	14,336,962
-	835,117	9,290,287	30,857,090	55,426,260
989,610	872,159	9,688,648	34,250,815	\$ 78,814,339

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

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

JUNE 30, 2009

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 55,426,260**

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

Outstanding property taxes and other revenues which will be collected in the future, but are not available soon enough to pay for the current period's expenditures are therefore deferred in the funds.	1,927,843
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 \$130,214,620, and the accumulated depreciation is \$23,313,145.	106,901,475
Interest is recorded as an expenditure when due and payable in the governmental funds. Interest is recorded in the government-wide statements when it is due. This amount represents the amount of interest due but unpaid at year-end.	(1,070,952)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities consisted of the following:	
Long-Term Debt	(72,400,000)
Net Premium (Less Deferred Loss on Refunding)	(2,177,930)
	(74,577,930)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$ 88,606,696

The notes to the basic financial statements are an integral part of this statement.
See accompanying independent auditors' 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, 2009

	GENERAL	SPECIAL REVENUE
REVENUES		
Local Sources:		
Taxes	\$ 31,046,150	-
Investment Earnings	207,741	-
Other Local Sources	119,672	240,959
State Sources	24,339,601	927,323
Federal Sources	-	2,102,442
Intergovernmental Revenue	-	-
TOTAL REVENUE ALL SOURCES	55,713,164	3,270,724
EXPENDITURES		
Current:		
Instruction	30,396,170	2,153,004
Support Services	19,302,715	1,127,990
Community Services	-	468
Intergovernmental	30,000	35,654
Capital Outlay	110,024	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
TOTAL EXPENDITURES	49,838,909	3,317,116
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,874,255	(46,392)
OTHER FINANCING SOURCES (USES)		
Issuance of Refunding General Obligation Bonds	-	-
Premium on Refunding General Obligation Bonds	-	-
Payment to Refunding Bond Escrow Agent	-	-
Transfers In	-	-
Transfers Out	(5,152,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	(5,152,500)	-
NET CHANGES IN FUND BALANCES	721,755	(46,392)
FUND BALANCE, Beginning of Year	13,382,734	385,669
FUND BALANCE, End of Year	\$ 14,104,489	339,277

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

SPECIAL REVENUE - EIA	SPECIAL REVENUE - FOOD SERVICE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	-	11,726,553	-	\$ 42,772,703
-	-	76,047	642,081	925,869
-	1,300,258	-	35,000	1,695,889
-	-	210,698	-	25,477,622
-	1,135,986	-	-	3,238,428
3,506,769	2,652	-	-	3,509,421
3,506,769	2,438,896	12,013,298	677,081	77,619,932
3,208,856	-	-	-	35,758,030
297,913	2,430,627	-	1,203,476	24,362,721
-	-	-	-	468
-	-	-	-	65,654
-	-	-	36,074,908	36,184,932
-	-	3,200,000	-	3,200,000
-	-	3,633,156	40,553	3,673,709
3,506,769	2,430,627	6,833,156	37,318,937	103,245,514
-	8,269	5,180,142	(36,641,856)	(25,625,582)
-	-	14,100,000	-	14,100,000
-	-	377,363	-	377,363
-	-	(14,220,052)	-	(14,220,052)
-	-	-	7,110,233	7,110,233
-	-	(2,110,233)	-	(7,262,733)
-	-	(1,852,922)	7,110,233	104,811
-	8,269	3,327,220	(29,531,623)	(25,520,771)
-	826,848	5,963,067	60,388,713	80,947,031
-	835,117	9,290,287	30,857,090	\$ 55,426,260

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

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

YEAR ENDED JUNE 30, 2009

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (25,520,771)**

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. They are considered revenue in the Statement of Activities.	365,249
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Activities.	16,900,000
Bond and capital lease proceeds (and any related premiums) provide current financial resources to governmental funds, but issuing debt or entering into capital leases increases long term liabilities in the Statement of Net Assets.	(14,100,000)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds only when it is due and payable and thus requires the use of current financial resources. However, in the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due and payable. The interest reported in the Statement of Activities is the change in accrued interest.	135,354
Bond premiums are revenues the year they are received in governmental funds, but are amortized over the lives of bonds in the Statement of Activities.	120,996
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions (\$36,893,536) exceeded depreciation expense (\$1,679,171) in the current year.	35,214,365

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 13,115,193**

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

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

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2009

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 11,100
Investments	18,422
Accounts Receivable	387,776
TOTAL ASSETS	<u><u>417,298</u></u>
LIABILITIES	
Accounts Payable	3,314
Other Payables	66
Due to Student Organizations	413,918
TOTAL LIABILITIES	<u><u>\$ 417,298</u></u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

A. Reporting Entity

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

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

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

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

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

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

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

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

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

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

Governmental Fund Basic Financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, 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.

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

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

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

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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 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 governmental fund types:

The *General Fund - a major 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 are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund and any fund balance is considered a resource available for use.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that in general are legally restricted to expenditures for specified purposes. The School District has the following 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.
- ii) **The Education Improvement Act ("EIA") Fund, a major fund** and an unbudgeted fund, is used to account for the 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.
- iii) **The Food Service Fund, a major fund** and an unbudgeted fund, is used to account for 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 the accumulation of resources for, and 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 financial resources to be used for site acquisitions, construction, equipment, and renovation of all major capital facilities.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

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

Investments

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

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

Investments (Continued)

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

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

- South Carolina Local Government Investment Pool ("Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.
- Cash and Investments held by the County Treasurer which are property taxes collected by the School District's fiscal agent that have not been remitted to the School District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis.

2. *Interfund Receivables and Payables*

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

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

3. *Inventories and Other Assets*

Inventories

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

3. Inventories and Other Assets (Continued)

Prepaid Items

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

4. Capital Assets

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

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

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

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

5. Compensated Absences

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

6. *Accrued Liabilities and Long-Term Obligations*

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund basic financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments (including estimated arbitration liabilities), compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund basic financial statements only to the extent that they will be paid with current, expendable, available financial resources. 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 basic financial statements until due and payable.

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

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

7. *Fund Balance*

In the fund basic financial statements, the School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods.

In the governmental fund basic financial statements, the School District's use of the term "*reserve*" relative to the fund balance of its governmental funds is limited to indicating that portion of fund balance that is not appropriable for expenditure or is legally segregated for some specific future use. Fund balance reserves can be established for, but not limited to the following: prepaids, inventory, non-current receivables, prior year appropriations, grant projects, debt service, capital projects and special revenue programs.

In the governmental fund basic financial statements, the School District can establish "*designations*" of fund balance which are to reflect tentative plans for financial resource utilization in future periods. Designations of fund balance represent tentative management plans that are subject to change and ultimately may not be legally authorized or result in an expenditure.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

8. Net Assets

Net assets represent the difference between assets and liabilities in the Statement of Net Assets. Net assets are classified as invested in capital assets net of related debt; restricted; and unrestricted. Net assets invested in capital assets, net of related debt, consist 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 assets component as the unspent proceeds. Net assets are 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.

9. Encumbrances

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

10. Accounting Estimates

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

11. Comparative Data

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

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

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

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

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2009, none of the School District's total bank balances (including fiduciary funds) of \$508,939 (with a carrying value of \$252,418) was exposed to custodial credit risk.

Investments

As of June 30, 2009, the School District had the following investments and maturities:

Investment Type	Credit Rating	Fair Value	Weighted Average Maturity (In Years)
State Local Government Investment Pool	Unrated	\$ 13,616,378	^
Cash and Investments Held by County Treasurer	Unrated	52,080,716	*
Total		\$ 65,697,094	

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

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

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

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

A. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2009, none of the School District's investments were exposed to custodial credit risk.

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

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

B. Property Taxes and Other Receivables

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

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

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

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

For the year ended June 30, 2009, the operating millage rate was set at 141 mills (135 mills in the prior year) to cover the general operations of the School District and the debt service millage rate was set at 44 mills (38 mills in the prior year) to cover the scheduled debt service requirements of the School District.

On the government-wide and fund basic financial statements, taxes receivable are \$2,199,591 (which is net of an allowance for uncollectibles of \$68,029) at June 30, 2009. Allowances for uncollectibles were not necessary for the other receivable accounts.

Delinquent property taxes of \$202,905 in the General Fund, and \$79,556 in the Debt Service Fund, have been recognized as revenue at June 30, 2009, because they were collected within sixty days after year end as they were considered measurable and available.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

B. Property Taxes and Other Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2009, the various components of deferred/unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable - General Fund	\$ 1,518,769
Delinquent Property Taxes Receivable - Debt Service Fund	398,361
Unearned Revenue from Special Revenue and Special Revenue - EIA Funds	1,221,266
Unearned Revenue from Special Revenue - Food Service Fund	37,042
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 3,175,438</u>

C. Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2009 (all of which are expected to be repaid within one year), are summarized in accordance to generally accepted accounting principles as disclosure requirements, as follows:

Fund	Receivables	Payables
General Fund	\$ 777,018	\$ 6,693,063
Special Revenue Funds:		
Special Revenue	696,789	1,251,258
EIA	423,683	448,105
Food Service	798,406	-
Capital Projects Fund	5,696,530	-
Total	<u>\$ 8,392,426</u>	<u>\$ 8,392,426</u>

Most cash activities are recorded in the General Fund, and as a result, receivable and payables exist at year end that are either due to or due from the General Fund or other funds. Various differences include Special Revenue payments not received from the State Department of Education until after the fiscal year ends, fringe amounts paid by the General Fund for Food Service, and capital project transfers from the General Fund to the Capital Projects Fund in the amount of \$5,000,000.

D. Transfers In and (Out)

Transfers in (out) from funds for the year ended June 30, 2009, consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 5,152,500
Debt Service	-	2,110,233
Capital Projects Fund	7,110,233	-
Agency Fund	152,500	-
	<u>\$ 7,262,733</u>	<u>\$ 7,262,733</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

D. Transfers In and (Out) (Continued)

Transfers are routinely made for school activity costs between the General Fund and the pupil activity funds. The School District made transfers from the General Fund (as in the prior year) to the Capital Projects Fund in the amount of \$5,000,000 for designated future capital projects. The School District also made a transfer from the Debt Service Fund to the Capital Projects Fund for approximately \$2,110,000 to primarily retire the short term debt.

E. Capital Assets

Capital asset activity for the School District for the year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 6,106,372	131,521	-	\$ 6,237,893
Construction in Progress	18,792,253	33,205,916	-	51,998,169
Total Capital Assets, Non-Depreciable	<u>24,898,625</u>	<u>33,337,437</u>	<u>-</u>	<u>58,236,062</u>
Capital Assets, Depreciable:				
Buildings and Improvements	65,749,230	2,548,837	-	68,298,067
Machinery and Equipment	2,673,229	1,007,262	-	3,680,491
Total Capital Assets, Depreciable	<u>68,422,459</u>	<u>3,556,099</u>	<u>-</u>	<u>71,978,558</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	19,331,561	1,533,437	-	20,864,998
Machinery and Equipment	2,302,413	145,734	-	2,448,147
Total Accumulated Depreciation	<u>21,633,974</u>	<u>1,679,171</u>	<u>-</u>	<u>23,313,145</u>
Total Capital Assets, Depreciable, Net	46,788,485	1,876,928	-	48,665,413
Governmental Activities Capital Assets, Net	<u>\$ 71,687,110</u>	<u>35,214,365</u>	<u>-</u>	<u>\$ 106,901,475</u>

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

	Depreciation	Additions
Governmental Activities:		
Instruction	\$ 1,316,416	\$ 35,886,271
Support Services	362,755	1,007,265
Total - Governmental Activities	<u>\$ 1,679,171</u>	<u>\$ 36,893,536</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

F. Short-Term Obligations

The following is a summary of the changes in the School District's short-term obligations for 2009:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance
2008-B General Obligation Bond	\$ -	2,005,000	2,005,000	\$ -
Total Governmental Activities	<u>\$ -</u>	<u>2,005,000</u>	<u>2,005,000</u>	<u>\$ -</u>

The School District issued the 2008-B General Obligation Bond ("Bond") in September 2008 for \$2,005,000. This Bond was issued for various construction projects related to renovation. The School District repaid the Bond in March 2009 along with interest of \$28,667.

G. Long-Term Obligations

The general obligation bonds ("GO") payable at June 30, 2009, were comprised of the following:

1999 Series: Original issue of \$22,900,000, principal due in annual installments of \$700,000 to \$5,000,000 on March 1 through 2013; interest at 6.50% to 5.125% paid semiannually.

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

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

Following is a summary of changes in the School District long-term obligations for the year ended June 30, 2009:

Long-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
1999 GO Bonds *	\$ 16,700,000	-	16,700,000	-	\$ -
2007-A GO Bonds *	58,500,000	-	-	58,500,000	-
2008 GORB *	-	14,100,000	200,000	13,900,000	2,640,000
Premium-2007-A GO Bonds	2,298,926	-	120,996	2,177,930	-
Total Governmental Activities	<u>\$ 77,498,926</u>	<u>14,100,000</u>	<u>17,020,996</u>	<u>74,577,930</u>	<u>\$ 2,640,000</u>

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

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

G. Long-Term Obligations (Continued)

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

Year Ending June 30	Principal	Interest	Total
2010	\$ 2,640,000	3,212,856	\$ 5,852,856
2011	3,085,000	3,133,656	6,218,656
2012	3,250,000	3,041,106	6,291,106
2013	4,975,000	2,935,294	7,910,294
2014	2,960,000	2,761,044	5,721,044
2015-2019	17,250,000	11,425,720	28,675,720
2020-2024	22,015,000	6,736,282	28,751,282
2025-2027	16,225,000	1,491,525	17,716,525
Total	<u>\$ 72,400,000</u>	<u>34,737,483</u>	<u>\$ 107,137,483</u>

The School District has authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed value of all taxable property in the School District. The debt limitation does not apply to certain certificates of participation, debt approved through a district-wide referendum, and original or refunding debt for obligations issued on or before November 30, 1982. The School District's constitutional debt limit at June 30, 2009, was approximately \$21,974,000. The School District had no debt outstanding against this limit.

IV. OTHER INFORMATION

A. South Carolina Retirement System Retirement Plans

The School District participates in a retirement plan under authorization of Title 9 of the SC Code of Laws, State of South Carolina which covers substantially all of the School District's full-time employees. The plan, the South Carolina Retirement System ("SCRS"), is a cost-sharing multiple employer defined benefit pension system that benefits employees of public schools, the State, and its political subdivisions, and is administered by the Retirement Division of the State Budget and Control Board of South Carolina. Only the State of South Carolina has the authority to establish and amend benefits and funding policy. Membership is required as a condition of employment and both employees and employers must contribute the required amount. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

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

The employee required contribution rates to the SCRS plan was 6.50%, 6.50%, and 6.50% of covered salary for the years ended June 30, 2009, 2008, and 2007, respectively. The employer required contribution rate to the SCRS plan was 9.24%, 9.06%, and 8.05% for the year ended June 30, 2009, 2008, and 2007, respectively. Because the contribution rates to the SCRS are required, they are also actual contributions as well. Thus, the actual contribution rate and amount is 100% of the required contribution rate and amount for the plan for all years presented.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

IV. OTHER INFORMATION (CONTINUED)

A. South Carolina Retirement System Retirement Plans (Continued)

The State of South Carolina also provides an optional retirement plan ("State ORP"). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the IRC. The State ORP is a defined contribution plan that provides retirement and survivor benefits for certain administrative positions which allows them to participate. As an alternative to the South Carolina Retirement System, employees eligible for the State ORP may choose between the State ORP plan or the SCRS plan. Employee required contribution rates to the State ORP were 6.50%, 6.50%, and 6.50% of covered salary for the year ended June 30, 2009, 2008, and 2007, respectively. The employer required contribution rates are 9.24%, 9.06%, and 8.05% for the years ended June 30, 2009, 2008, and 2007. For which in 2009, 2008, and 2007, 5% of the employer required contribution is remitted to the employees authorized investment providers with the balance being remitted to the South Carolina Retirement System. Because the contribution rates to the State ORP are required, they are also actual contributions as well. Thus, the actual contribution rate and amount is 100% of the required contribution rate and amount for the State ORP for all years presented.

In addition to the above rates, participating employers have contributed (a) .15% of payroll for the SCRS and State ORP to provide a group life insurance benefit for their participants (for the current and preceding two years) and (b) 3.50%, 3.42%, and 3.35% surcharge on payroll for retiree health and dental insurance and group life insurance benefit for their active participants for the years ended June 30, 2009, 2008, and 2007, respectively. All employers contribute at the actuarially required contribution rates.

The School District had total wages of approximately \$38,333,000, \$35,614,000, and \$33,147,000 for the years ended June 30, 2009, 2008, and 2007, respectively. The following is a summary of the School District's member wages and employee and employer contributions for the retirement plans:

Year Ended June 30th	Member Wages	Employee Contributions	Employer Contributions	Total Contributions
<u>SCRS</u>				
2009	\$ 34,070,230	2,164,163	4,661,223	\$ 6,825,386
2008	30,183,044	1,961,898	4,017,820	5,979,718
2007	\$ 30,072,759	1,581,982	3,473,404	\$ 5,055,386
<u>State ORP</u>				
2009	\$ 3,416,610	222,080	269,541	\$ 491,621
2008	2,795,779	181,726	213,318	395,044
2007	\$ 1,938,541	126,805	226,173	\$ 352,978

B. Post-Employment Health Care Benefits

In addition to the pension benefits, and in accordance with provisions of the State Appropriations Act, an employer contribution surcharge (3.50% for 2009, 3.42% for 2008, and 3.35% for 2007) percent of covered payroll was added to State and Public School entities covered by the State Health Insurance Program. This assessment is for the purpose of providing retiree health insurance coverage on a pay-as-you-go basis, and is remitted to the Division of Insurance Services. No additional employee contributions are required. The annual contribution rate is determined based on a state-wide estimate of annual premiums and covered payroll. The expenditure recognized by the employer for the year ended June 30, 2009 was \$1,192,458. There were on average 81 participants eligible to receive retiree health insurance coverage during June 30, 2009.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

IV. OTHER INFORMATION (CONTINUED)

B. Post-Employment Health Care Benefits (Continued)

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

C. Risk Management

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

D. Grants

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

E. Fund Balance Designation

An additional designation of fund balance of \$5,000,000 for future school capital projects (the Board designated \$8,000,000 in the prior year) was approved during 2009. The District reflected the Board's decision by transferring the designated funds from the General Fund to the Capital Projects Fund. Currently the Board has remaining approximately \$21,373,000 (including earned interest) in total funds designated for future construction projects.

F. Concentration of Property Tax Revenue Risk

The School District receives approximately 66% of its local property tax revenue, not considering owner-occupied values, from one source, the Catawba Nuclear Station.

G. Commitments and Contingencies

The School District had several significant construction commitments outstanding at year end. These contracts were for roofing work at the District Office (\$115,000) and Bethel Elementary (\$484,000). In addition, the School District had outstanding construction commitments around two new schools (\$47,846,000) being built.

H. Subsequent Events

State Budget Cuts

Due to the on-going financial uncertainties, and the resulting slow down in the State and National economies, the State of South Carolina is experiencing a reduction in sales tax, corporate and personal income tax revenues. In order to keep its General Fund budget in balance, the State of South Carolina, in August 2009, reduced the projected revenue allocations to State agencies and school districts by four percent. The School District anticipates absorbing these cuts without a negative impact on the instructional program.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

IV. OTHER INFORMATION (CONTINUED)

H. Subsequent Events (Continued)

Millage Increase

The Board of Trustees approved a 6 mill increase (increased to 147 mills from 141 mills) for the next property tax year for the general operations of the School District. The Board of Trustees did not change the mills for the next property tax year for the scheduled debt service requirements of the School District. Debt service remains at 44 mills.

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL
YEAR ENDED JUNE 30, 2009

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 29,165,545	29,165,545	31,046,150	\$ 1,880,605
Investment Earnings	300,000	300,000	207,741	(92,259)
Other Local Sources	75,000	75,000	119,672	44,672
State Sources	24,595,804	24,595,804	24,339,601	(256,203)
TOTAL REVENUE ALL SOURCES	54,136,349	54,136,349	55,713,164	1,576,815
EXPENDITURES				
Current:				
Instruction	32,590,087	32,590,087	30,396,170	2,193,917
Support Services	21,416,262	21,416,262	19,302,715	2,113,547
Intergovernmental	30,000	30,000	30,000	-
Capital Outlay	100,000	100,000	110,024	(10,024)
TOTAL EXPENDITURES	54,136,349	54,136,349	49,838,909	4,297,440
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	5,874,255	5,874,255
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(5,152,500)	(5,152,500)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(5,152,500)	(5,152,500)
NET CHANGE IN FUND BALANCE	-	-	721,755	721,755
FUND BALANCES, Beginning of Year	13,382,734	13,382,734	13,382,734	-
FUND BALANCES, End of Year	\$ 13,382,734	13,382,734	14,104,489	\$ 721,755

Note to the Required Supplementary Information:

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 25,858,375	27,644,916	\$ 1,786,541
1140 Penalties & Interest on Taxes (Independent)	400,000	438,570	38,570
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	2,757,170	2,875,733	118,563
1240 Penalties & Interest on Taxes (Dependent)	150,000	86,931	(63,069)
1300 Tuition:			
1310 From Patrons for Regular Day School	-	19,346	19,346
1500 Earnings on Investments:			
1510 Interest on Investments	300,000	207,741	(92,259)
1900 Other Revenue from Local Sources:			
1910 Rentals	25,000	23,734	(1,266)
1930 Medicaid	-	1,127	1,127
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	50,000	75,465	25,465
Total Revenue from Local Sources	<u>29,540,545</u>	<u>31,373,563</u>	<u>1,833,018</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	727	727
3132 Home Schooling (No Carryover Provision)	-	546	546
3160 School Bus Driver's Salary	290,725	311,344	20,619
3162 Transportation Workers' Compensation	-	22,628	22,628
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	3,522,421	3,472,058	(50,363)
3181 Retiree Insurance (No Carryover Provision)	734,957	701,289	(33,668)
3199 Other Restricted State Grants	-	2,354	2,354
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	756,184	678,404	(77,780)
3312 Primary	2,319,285	1,956,201	(363,084)
3313 Elementary	3,155,614	2,717,646	(437,968)
3314 High School	678,224	612,165	(66,059)
3315 Trainable Mentally Handicapped	47,703	40,226	(7,477)
3316 Speech Handicapped (Part-Time Program)	598,409	497,354	(101,055)
3317 Homebound	27,690	22,994	(4,696)
3319 EFA Underpayment	\$ -	30,066	\$ 30,066

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	FINAL BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 61,710	67,110	\$ 5,400
3322 Educable Mentally Handicapped	76,613	39,821	(36,792)
3323 Learning Disabilities	724,902	581,610	(143,292)
3324 Hearing Handicapped	11,346	10,048	(1,298)
3325 Visually Handicapped	15,128	12,521	(2,607)
3326 Orthopedically Handicapped	29,510	19,803	(9,707)
3327 Vocational	2,426,549	1,964,566	(461,983)
3330 Other EFA Programs:			
3331 Autism	46,821	61,633	14,812
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	8,472,013	9,728,911	1,256,898
3820 Homestead Exemption (Tier 2)	550,000	573,275	23,275
3830 Merchant's Inventory Tax	35,000	133,795	98,795
3890 Other State Property Tax Revenues (Includes MC Vehicle Tax)	-	80,506	80,506
3900 Other State Revenue:			
3999 Revenue from Other State Sources	15,000	-	(15,000)
Total Revenue from State Sources	<u>24,595,804</u>	<u>24,339,601</u>	<u>(256,203)</u>
TOTAL REVENUE ALL SOURCES	<u>54,136,349</u>	<u>55,713,164</u>	<u>1,576,815</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,549,733	1,613,644	(63,911)
200 Employee Benefits	532,675	487,767	44,908
300 Purchased Services	1,470	1,043	427
400 Supplies and Materials	75,981	75,603	378
112 Primary Programs:			
100 Salaries	5,112,013	5,127,540	(15,527)
200 Employee Benefits	1,608,003	1,587,240	20,763
300 Purchased Services	3,797	3,287	510
400 Supplies and Materials	93,144	94,698	(1,554)
113 Elementary Programs:			
100 Salaries	7,871,449	6,905,050	966,399
200 Employee Benefits	2,338,735	2,070,019	268,716
300 Purchased Services	106,915	101,444	5,471
400 Supplies and Materials	280,496	116,509	163,987
600 Other Objects	\$ 100	-	\$ 100

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	FINAL BUDGET	ACTUAL	VARIANCE
114 High School Programs:			
100 Salaries	\$ 5,273,454	4,592,902	\$ 680,552
200 Employee Benefits	1,496,510	1,351,511	144,999
300 Purchased Services	80,649	63,754	16,895
400 Supplies and Materials	148,726	136,023	12,703
600 Other Objects	-	158	(158)
115 Career and Technology Education Program:			
100 Salaries	824,803	824,569	234
200 Employee Benefits	249,496	250,182	(686)
300 Purchased Services - Other Than Tuition	3,604	3,304	300
400 Supplies and Materials	31,862	27,375	4,487
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	377,074	360,602	16,472
200 Employee Benefits	134,738	116,543	18,195
122 Trainable Mentally Handicapped:			
100 Salaries	277,247	174,977	102,270
200 Employee Benefits	106,552	79,034	27,518
123 Orthopedically Handicapped:			
100 Salaries	58,581	18,824	39,757
200 Employee Benefits	27,497	4,413	23,084
124 Visually Handicapped:			
100 Salaries	80,964	81,650	(686)
200 Employee Benefits	38,980	24,165	14,815
300 Purchased Services	200	-	200
125 Hearing Handicapped:			
100 Salaries	69,620	89,813	(20,193)
200 Employee Benefits	19,565	24,694	(5,129)
126 Speech Handicapped:			
100 Salaries	301,006	300,620	386
200 Employee Benefits	88,893	85,002	3,891
127 Learning Disabilities:			
100 Salaries	1,095,411	1,107,691	(12,280)
200 Employee Benefits	343,995	347,177	(3,182)
128 Emotionally Handicapped:			
100 Salaries	307,262	330,038	(22,776)
200 Employee Benefits	103,909	102,739	1,170
130 Pre-School Programs:			
133 Pre-School Handicapped-Self-Contained (5-Yr. Olds)			
100 Salaries	-	64,821	(64,821)
200 Employee Benefits	\$ -	19,055	\$ (19,055)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	FINAL BUDGET	ACTUAL	VARIANCE
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	\$ 75,666	51,464	\$ 24,202
200 Employee Benefits	23,617	19,354	4,263
139 Early Childhood Programs:			
100 Salaries	659,757	750,830	(91,073)
200 Employee Benefits	219,984	229,088	(9,104)
300 Purchased Services	200	282	(82)
400 Supplies and Materials	6,702	6,257	445
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	18,210	19,447	(1,237)
200 Employee Benefits	8,610	4,145	4,465
300 Purchased Services	8,430	10,466	(2,036)
400 Supplies and Materials	11,145	10,281	864
600 Other Objects	425	413	12
145 Homebound:			
100 Salaries	-	34,963	(34,963)
200 Employee Benefits	-	7,131	(7,131)
300 Purchased Services	31,500	8,537	22,963
149 Other Special Programs:			
100 Salaries	156,747	147,091	9,656
200 Employee Benefits	42,736	35,422	7,314
300 Purchased Services	-	3,760	(3,760)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	105,310	125,548	(20,238)
200 Employee Benefits	43,005	41,726	1,279
300 Purchased Services	2,500	-	2,500
400 Supplies and Materials	1,500	1,213	287
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	-	1,763	(1,763)
200 Employee Benefits	-	630	(630)
173 High School Summer School:			
100 Salaries	21,100	42,117	(21,017)
200 Employee Benefits	4,334	8,823	(4,489)
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
400 Supplies and Materials	\$ 25,000	25,000	\$ -

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	FINAL BUDGET	ACTUAL	VARIANCE
188 Parenting/Family Literacy:			
100 Salaries	\$ -	30,611	\$ (30,611)
200 Employee Benefits	-	6,915	(6,915)
300 Purchased Services	4,500	5,142	(642)
400 Supplies and Materials	4,000	2,271	1,729
Total Instruction	<u>32,590,087</u>	<u>30,396,170</u>	<u>2,193,917</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	238,697	238,697	-
200 Employee Benefits	71,318	67,700	3,618
300 Purchased Services	14,200	1,423	12,777
400 Supplies and Materials	66,400	755	65,645
212 Guidance Services:			
100 Salaries	986,265	618,120	368,145
200 Employee Benefits	288,599	190,355	98,244
400 Supplies and Materials	2,630	2,460	170
600 Other Objects	200	106	94
213 Health Services:			
100 Salaries	472,009	313,784	158,225
200 Employee Benefits	174,568	126,900	47,668
300 Purchased Services	-	213	(213)
400 Supplies and Materials	15,000	10,447	4,553
214 Psychological Services:			
100 Salaries	155,491	156,030	(539)
200 Employee Benefits	43,864	44,373	(509)
600 Other Objects	600	475	125
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	820,229	887,144	(66,915)
200 Employee Benefits	219,655	227,822	(8,167)
300 Purchased Services	54,875	31,302	23,573
400 Supplies and Materials	188,050	143,488	44,562
600 Other Objects	4,200	552	3,648
222 Library and Media Services:			
100 Salaries	681,953	690,643	(8,690)
200 Employee Benefits	218,923	220,946	(2,023)
300 Purchased Services	1,414	1,169	245
400 Supplies and Materials	\$ 126,433	115,793	\$ 10,640

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	FINAL BUDGET	ACTUAL	VARIANCE
223 Supervision of Special Programs:			
100 Salaries	\$ 98,537	187,114	\$ (88,577)
200 Employee Benefits	27,717	48,523	(20,806)
300 Purchased Services	6,600	97	6,503
400 Supplies and Materials	3,000	1,943	1,057
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	-	5,887	(5,887)
200 Employee Benefits	2,072	4,713	(2,641)
300 Purchased Services	74,333	38,132	36,201
400 Supplies and Materials	-	400	(400)
230 General Administrative Services:			
231 Board of Education:			
300 Purchased Services	84,500	58,401	26,099
400 Supplies and Materials	4,500	11,759	(7,259)
600 Other Objects	8,500	13,439	(4,939)
232 Office of Superintendent:			
100 Salaries	259,798	253,879	5,919
200 Employee Benefits	485,388	371,619	113,769
300 Purchased Services	48,130	54,120	(5,990)
400 Supplies and Materials	35,500	23,412	12,088
600 Other Objects	19,500	43,020	(23,520)
233 School Administration:			
100 Salaries	2,919,866	2,861,287	58,579
150 TERI - Second Annual Leave Payout	-	3,774	(3,774)
200 Employee Benefits	856,661	817,861	38,800
300 Purchased Services	17,705	16,429	1,276
400 Supplies and Materials	69,838	66,155	3,683
600 Other Objects	5,259	6,823	(1,564)
250 Finance and Operations Services:			
251 Student Transportation (Federal/District Mandated):			
300 Purchased Services	5,000	5,387	(387)
400 Supplies and Materials	1,000	866	134
252 Fiscal Services:			
100 Salaries	386,833	382,036	4,797
200 Employee Benefits	96,784	102,955	(6,171)
300 Purchased Services	19,000	1,109	17,891
400 Supplies and Materials	40,000	23,739	16,261
600 Other Objects	\$ 1,000	347	\$ 653

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	FINAL BUDGET	ACTUAL	VARIANCE
254 Operation and Maintenance of Plant:			
100 Salaries	\$ 2,089,280	1,976,557	\$ 112,723
200 Employee Benefits	701,684	623,864	77,820
300 Purchased Services	2,019,545	1,340,110	679,435
400 Supplies and Materials	2,279,869	1,849,326	430,543
500 Capital Outlay	100,000	110,024	(10,024)
600 Other Objects	2,660	1,397	1,263
255 Student Transportation (State Mandated):			
100 Salaries	624,448	816,838	(192,390)
200 Employee Benefits	350,917	297,199	53,718
300 Purchased Services	150,152	80,733	69,419
400 Supplies and Materials	11,500	29,625	(18,125)
256 Food Service:			
200 Employee Benefits	-	142,247	(142,247)
258 Security:			
300 Purchased Services	115,000	108,477	6,523
260 Central Support Services:			
263 Information Services:			
100 Salaries	58,020	58,020	-
200 Employee Benefits	30,262	15,399	14,863
300 Purchased Services	10,000	5,865	4,135
400 Supplies and Materials	10,000	5,470	4,530
264 Staff Services:			
100 Salaries	201,971	184,992	16,979
200 Employee Benefits	59,610	55,881	3,729
300 Purchased Services	42,500	38,395	4,105
400 Supplies and Materials	23,000	15,707	7,293
600 Other Objects	2,000	378	1,622
266 Technology and Data Processing Services:			
100 Salaries	475,186	466,748	8,438
200 Employee Benefits	150,193	141,306	8,887
300 Purchased Services	220,200	225,589	(5,389)
400 Supplies and Materials	829,668	872,000	(42,332)
600 Other Objects	\$ 150	158	\$ (8)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2009

	FINAL BUDGET	ACTUAL	VARIANCE
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	\$ 282,772	345,485	\$ (62,713)
200 Employee Benefits (Optional)	58,081	67,098	(9,017)
300 Purchased Services (Optional)	5,000	1,074	3,926
400 Supplies and Materials (Optional)	190,000	40,854	149,146
Total Support Services	<u>21,516,262</u>	<u>19,412,739</u>	<u>2,103,523</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
412 Payments to Other Governmental Units			
720 Transits	30,000	30,000	-
Total Intergovernmental Expenditures	<u>30,000</u>	<u>30,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>54,136,349</u>	<u>49,838,909</u>	<u>4,297,440</u>
OTHER FINANCING SOURCES (USES)			
424-710 Transfer to Capital Projects Fund	-	(5,000,000)	(5,000,000)
426-710 Transfer to Pupil Activity Fund	-	(152,500)	(152,500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(5,152,500)</u>	<u>(5,152,500)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES	-	721,755	721,755
FUND BALANCE, Beginning of Year	<u>13,382,734</u>	<u>13,382,734</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 13,382,734</u>	<u>14,104,489</u>	<u>\$ 721,755</u>

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
REVENUES		
1000 Revenue from Local Sources:		
1900 Other Revenue from Local Sources:		
1930 Medicaid	\$ -	-
1990 Miscellaneous Local Revenue:		
1992 Canteen Operations	-	-
1999 Revenue from Other Local Sources	-	-
Total Revenue from Local Sources	<u>-</u>	<u>-</u>
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3110 Occupational Education:		
3118 EEDA Career Specialist	-	-
3120 General Education:		
3123 Formative Assessment	-	-
3127 Student Health and Fitness -PE Teachers	-	-
3128 High Schools That Work	-	-
3130 Special Programs:		
3136 Student Health and Fitness - Nurses	-	-
3150 Adult Education:		
3154 Young Adult Education	-	-
3190 Miscellaneous Restricted State Grants:		
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3607 6-8 Enhancement	-	-
3610 K-5 Enhancement	-	-
3900 Other State Revenue:		
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching)	-	-
3999 Revenue from Other State Sources	-	-
Total Revenue from State Sources	<u>-</u>	<u>-</u>
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins, Title I	\$ -	-

Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects) (918)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	146,303	\$ 146,303
-	-	-	-	-	16,592	16,592
-	-	-	78,064	-	-	78,064
-	-	-	78,064	-	162,895	240,959
-	-	-	-	203,739	-	203,739
-	-	-	-	39,352	-	39,352
-	-	-	-	63,337	-	63,337
-	-	-	-	8,019	-	8,019
-	-	-	-	166,207	-	166,207
-	-	-	-	2,159	-	2,159
-	-	-	-	-	8,763	8,763
-	-	-	-	4,137	-	4,137
-	-	-	-	374,608	-	374,608
-	-	-	-	10,203	-	10,203
-	-	-	-	1,628	45,171	46,799
-	-	-	-	873,389	53,934	927,323
-	84,445	-	-	-	-	\$ 84,445

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	\$ 505,374	-
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)	-	1,205,270
4520 Pre-School Grants (Carryover Provision)	-	-
4900 Other Federal Sources:		
4920 Drug and Violence Prevention, Title IV	-	-
4990 Other Federal Revenue	-	-
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	505,374	1,205,270
 TOTAL REVENUE ALL SOURCES	505,374	1,205,270
 EXPENDITURES		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	867	-
400 Supplies and Materials	17,109	-
112 Primary Programs:		
100 Salaries	203,477	-
200 Employee Benefits	61,227	-
300 Purchased Services	10,804	-
400 Supplies and Materials	30,586	-
113 Elementary Programs:		
100 Salaries	1,440	-
200 Employee Benefits	296	-
300 Purchased Services	8,119	-
400 Supplies and Materials	16,490	474

Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects) (918)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	-	\$ 505,374
-	-	-	-	-	20,655	20,655
-	-	-	-	-	76,002	76,002
-	-	-	-	-	107,753	107,753
-	-	-	-	-	-	1,205,270
34,414	-	-	-	-	-	34,414
-	-	8,177	-	-	-	8,177
-	-	-	-	-	60,316	60,316
-	-	-	-	-	36	36
34,414	84,445	8,177	-	-	264,762	2,102,442
34,414	84,445	8,177	78,064	873,389	481,591	3,270,724
-	-	-	-	367	-	367
-	-	-	-	72	-	72
-	-	-	-	-	-	867
-	-	-	-	-	-	17,109
-	-	-	-	2,200	-	205,677
-	-	-	-	438	-	61,665
-	-	-	-	-	-	10,804
-	-	-	-	-	-	30,586
-	-	-	-	69,123	-	70,563
-	-	-	-	2,470	-	2,766
-	-	-	-	9,928	-	18,047
-	-	-	-	404,029	179	\$ 421,172

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
114 High School Programs:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
115 Career and Technology Education Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	41,422
200 Employee Benefits	-	17,301
300 Purchased Services	-	936
400 Supplies and Materials	-	13,429
122 Trainable Mentally Handicapped:		
100 Salaries	-	28,499
200 Employee Benefits	-	6,052
300 Purchased Services	-	2,643
400 Supplies and Materials	-	3,436
123 Orthopedically Handicapped:		
100 Salaries	-	24,214
200 Employee Benefits	-	7,086
400 Supplies and Materials	-	284
124 Visually Handicapped:		
100 Salaries	-	20,946
200 Employee Benefits	-	12,556
300 Purchased Services	-	2,460
400 Supplies and Materials	-	5,680
600 Other Objects	-	350
125 Hearing Handicapped:		
100 Salaries	-	66,525
200 Employee Benefits	-	12,130
300 Purchased Services	-	1,888
400 Supplies and Materials	-	851
126 Speech Handicapped:		
100 Salaries	-	41,202
200 Employee Benefits	-	13,239
300 Purchased Services	-	2,465
400 Supplies and Materials	\$ -	4,453

Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects) (918)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	51,686	\$ 51,686
-	-	-	-	-	8,630	8,630
-	-	-	-	-	1,861	1,861
-	14,154	-	-	-	4,849	19,003
-	10,106	-	-	-	904	11,010
-	23,447	-	-	-	1,150	24,597
-	34,794	-	-	-	-	34,794
-	-	-	-	-	-	41,422
-	-	-	-	-	-	17,301
-	-	-	-	-	-	936
-	-	-	-	-	-	13,429
-	-	-	-	-	-	28,499
-	-	-	-	-	-	6,052
-	-	-	-	-	-	2,643
-	-	-	-	-	-	3,436
-	-	-	-	-	-	24,214
-	-	-	-	-	-	7,086
-	-	-	-	-	-	284
-	-	-	-	-	-	20,946
-	-	-	-	-	-	12,556
-	-	-	-	-	-	2,460
-	-	-	-	-	-	5,680
-	-	-	-	-	-	350
-	-	-	-	-	-	66,525
-	-	-	-	-	-	12,130
-	-	-	-	-	-	1,888
-	-	-	-	-	-	851
-	-	-	-	-	-	41,202
-	-	-	-	-	-	13,239
-	-	-	-	-	43,841	46,306
-	-	-	-	-	-	\$ 4,453

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
127 Learning Disabilities:		
100 Salaries	\$ 23,613	15,144
200 Employee Benefits	7,645	3,189
300 Purchased Services	-	5,606
400 Supplies and Materials	-	18,027
128 Emotionally Handicapped:		
100 Salaries	-	43,833
200 Employee Benefits	-	13,518
300 Purchased Services	-	33,713
400 Supplies and Materials	-	2,498
600 Other Objects	-	200
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	14,329
200 Employee Benefits	-	3,399
300 Purchased Services	-	618
400 Supplies and Materials	-	5,876
139 Early Childhood Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
140 Special Programs:		
148 Gifted and Talented - Artistic:		
100 Salaries	61,055	-
200 Employee Benefits	23,645	-
149 Other Special Programs:		
300 Purchased Services	-	-
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	176,521
200 Employee Benefits	-	44,271
300 Purchased Services	-	3,107
400 Supplies and Materials	-	14,209
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	2,584	-
200 Employee Benefits	\$ 988	-

Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects) (918)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	-	\$ 38,757
-	-	-	-	-	-	10,834
-	-	-	-	-	-	5,606
-	-	-	-	-	-	18,027
-	-	-	-	-	-	43,833
-	-	-	-	-	-	13,518
-	-	-	-	-	-	33,713
-	-	-	-	-	-	2,498
-	-	-	-	-	-	200
-	-	-	-	-	-	14,329
-	-	-	-	-	-	3,399
-	-	-	-	-	-	618
-	-	-	-	-	-	5,876
-	-	-	-	-	33,825	33,825
-	-	-	-	-	4,323	4,323
-	-	-	-	-	4,743	4,743
-	-	-	-	-	192	192
-	-	-	-	-	-	61,055
-	-	-	-	-	-	23,645
-	-	-	-	-	8,204	8,204
18,511	-	-	-	-	79	195,111
6,666	-	-	-	-	3,735	54,672
-	-	-	-	-	-	3,107
-	-	-	-	-	-	14,209
-	-	-	-	-	-	2,584
-	-	-	-	-	-	\$ 988

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
	<u> </u>	<u> </u>
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
188 Parenting/Family Literacy:		
100 Salaries	5,506	-
200 Employee Benefits	1,105	-
300 Purchased Services	5,253	-
400 Supplies and Materials	12,334	-
Total Instruction	<u>494,143</u>	<u>728,579</u>
200 Support Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
300 Purchased Services	-	810
400 Supplies and Materials	-	55
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
213 Health Services:		
100 Salaries	-	85,066
200 Employee Benefits	-	26,651
300 Purchased Services	-	21,048
400 Supplies and Materials	-	4,901
600 Other Objects	\$ -	180

Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects) (918)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	44,060	\$ 44,060
-	-	-	-	-	7,320	7,320
-	-	-	-	-	23,220	23,220
-	-	-	27,605	1,709	5,295	34,609
-	-	-	9,697	-	840	10,537
-	-	-	25	-	8,378	8,403
-	-	-	-	450	41	491
-	-	-	-	-	16,684	16,684
-	-	-	-	-	1,916	1,916
-	-	-	-	-	6,742	12,248
-	-	-	-	-	1,008	2,113
-	-	-	-	-	10,042	15,295
-	-	-	-	-	744	13,078
25,177	82,501	-	37,327	490,786	294,491	2,153,004
-	-	-	-	-	-	810
-	-	-	-	-	-	55
-	-	-	-	165,782	-	165,782
-	-	-	-	39,244	-	39,244
-	-	1,610	-	-	-	1,610
-	-	666	-	-	-	666
-	-	-	-	164,919	32,468	282,453
-	-	-	-	-	9,270	35,921
-	-	-	-	-	94,736	115,784
-	-	-	-	-	-	4,901
-	-	-	-	-	-	\$ 180

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
214 Psychological Services:		
100 Salaries	\$ -	58,595
200 Employee Benefits	-	16,747
300 Purchased Services	-	4,201
400 Supplies and Materials	-	1,499
600 Other Objects	-	175
215 Exceptional Program Services:		
400 Supplies and Materials	-	6,305
600 Other Objects	-	1,881
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	-	-
200 Employee Benefits	-	-
222 Library and Media:		
400 Supplies and Materials	39	-
223 Supervision of Special Programs:		
100 Salaries	-	108,929
200 Employee Benefits	-	31,560
300 Purchased Services	2,396	1,777
400 Supplies and Materials	526	6,960
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	2,354
200 Employee Benefits	-	459
300 Purchased Services	6,273	79,871
400 Supplies and Materials	1,529	2,146
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	-	1,354
200 Employee Benefits	-	231
300 Purchased Services	-	6
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
255 Student Transportation (State Mandated):		
100 Salaries	-	1,771
200 Employee Benefits	-	364
300 Purchased Services	\$ -	7,641

Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects) (918)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	-	\$ 58,595
-	-	-	-	-	-	16,747
-	-	-	-	-	-	4,201
-	-	-	-	-	-	1,499
-	-	-	-	-	-	175
-	-	-	-	-	-	6,305
-	-	-	-	-	-	1,881
-	-	5,001	-	-	-	5,001
-	-	900	-	-	-	900
-	-	-	-	1,631	-	1,670
6,162	-	-	-	-	-	115,091
3,075	-	-	-	-	-	34,635
-	-	-	-	-	-	4,173
-	-	-	-	-	-	7,486
-	-	-	-	-	-	2,354
-	-	-	-	-	530	989
-	1,944	-	-	11,027	78,120	177,235
-	-	-	-	-	18,006	21,681
-	-	-	-	-	-	1,354
-	-	-	-	-	-	231
-	-	-	-	-	-	6
-	-	-	1,266	-	-	1,266
-	-	-	4,179	-	-	4,179
-	-	-	-	-	-	1,771
-	-	-	-	-	-	364
-	-	-	-	-	-	\$ 7,641

(Continued)

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

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
300 Purchased Services (Optional)	\$ -	3,154
Total Support Services	<u>10,763</u>	<u>476,691</u>
300 Community Services:		
360 Welfare Services:		
400 Supplies and Materials	468	-
Total Community Services	<u>468</u>	<u>-</u>
410 Intergovernmental Expenditures:		
414 Medicaid Payments to SDE		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>505,374</u>	<u>1,205,270</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCE, Beginning of Year	<u>-</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>-</u>

Preschool Handicapped (CG Projects) (205)	Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects) (918)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Totals
-	-	-	-	-	-	\$ 3,154
9,237	1,944	8,177	5,445	382,603	233,130	1,127,990
-	-	-	-	-	-	468
-	-	-	-	-	-	468
-	-	-	-	-	35,654	35,654
-	-	-	-	-	35,654	35,654
34,414	84,445	8,177	42,772	873,389	563,275	3,317,116
-	-	-	35,292	-	(81,684)	(46,392)
-	-	-	71,512	-	314,157	385,669
-	-	-	106,804	-	232,473	\$ 339,277

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2009

**OTHER DESIGNATED RESTRICTED
STATE GRANTS**

916	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)
920	Young Adult Education
928	EEDA Career Awareness
933	Formative Assessment
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
938	High Schools That Work
939	Library Allocation
960	K-5 Lottery Enhancement
967	6-8 Enhancement

OTHER SPECIAL REVENUE PROGRAMS

201	Title I
203	IDEA
204	Recycling Education Grant
205	Preschool Grants
207	Vocational Aid
209	Drug and Violence Prevention Program
212	Ag Teacher
214	Medicaid
242	Even Start Family Literacy
243	Adult Education - Federal
264	Title III
267	Improving Teacher Quality (84.367A) (Carryover Provision)
277	ROTC
284	First Steps
801	SAT Improvement
830	Attendance Improvement
918	Adult Ed

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2009

SUBFUND	REVENUE CODE	PROGRAMS	REVENUES	EXPENDITURES	SPECIAL REVENUE		Special Revenue Fund Deferred
					INTERFUND TRANSFERS IN (OUT)	OTHER FUND TRANSFERS IN (OUT)	
916	3991	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)	\$ 10,203	10,203	-	-	\$ -
920	3154	Young Adult Education	2,159	2,159	-	-	-
926	3116	EEDA 9th Grade Awareness	-	-	-	-	2,483
927	3117	EEDA 8th Grade Awareness	-	-	-	-	9,240
928	3118	EEDA Career Specialist	203,739	203,739	-	-	-
933	3123	Formative Assessment	39,352	39,352	-	-	-
936	3136	Student Health and Fitness - Nurses	166,207	166,207	-	-	-
937	3127	Student Health and Fitness - PE Teachers	63,337	63,337	-	-	-
938	3128	High Schools That Work	8,019	8,019	-	-	11,462
939	3993	Library Allocation	1,628	1,628	-	-	-
960	3610	K-5 Enhancement	374,608	374,608	-	-	326,024
967	3607	6-8 Enhancement	4,137	4,137	-	-	9,263
968	3608	High Schools That Work	-	-	-	-	3,060
Totals			\$ 873,389	873,389	-	-	\$ 361,532

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
REVENUES	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3501 Increase High School Diploma Requirements	\$ 156,482
3505 School Technology Initiative	10,229
3509 Arts in Education	5,000
3513 Parenting/Family Literacy	47,258
3515 Advanced Placement Courses	1,001
3517 Advanced Placement - Singleton (Subfund 315)	205
3520 Gifted and Talented - Academic	252,638
3522 Gifted and Talented - Artistic	24,220
3523 Junior Scholars Program	593
3525 Career and Technology Education Equipment	90,490
3527 Critical Teaching Needs	3,718
3530 Trainable & Profoundly Mentally Disabled Student Services	22,483
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	687,078
3533 Teacher of the Year Awards	1,077
3534 Professional Development on Standards	46,872
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	100,572
3542 Preschool Programs for Children with Disabilities	25,233
3546 Academic Assistance K-3	150,929
3548 Academic Assistance 4-12	117,014
3549 Academic Assistance Reading Recovery	33,905
3550 Teacher Salary Increase (No Carryover Provision)	860,404
3553 Adult Education - Remedial	32,487
3562 Adult Education, Basic (Includes Rural and Workforce Initiative)	216,251
3564 Adult Education, Young Adult Initiative	110,229
3577 Teacher Supplies (No Carryover Provision)	115,886
3578 High Schools That Work	4,390
3582 Principal Salary/Fringe Increase (No Carryover Provision)	24,217
3588 EAA Palmetto Gold and Silver Awards	19,966
3591 Excellence In Middle Schools	17,343
3592 School-to-Work Transition Act	17,810
3593 EAA Reduce Class Size Grades 1 - 3	223,417
3596 EAA Alternative Schools Program	87,372
TOTAL REVENUE ALL SOURCES	<u>3,506,769</u>

EXPENDITURES

100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	87,783
200 Employee Benefits	\$ 17,896

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
112 Primary Programs:	
100 Salaries	\$ 609,179
200 Employee Benefits	142,821
300 Purchased Services	4,742
400 Supplies and Materials	74,819
600 Other Objects	350
113 Elementary Programs:	
100 Salaries	452,613
200 Employee Benefits	107,373
300 Purchased Services	4,100
400 Supplies and Materials	43,975
114 High School Programs:	
100 Salaries	472,131
200 Employee Benefits	90,589
300 Purchased Services	3,660
400 Supplies and Materials	27,296
115 Career and Technology Education Program:	
100 Salaries	58,143
200 Employee Benefits	8,174
300 Purchased Services - Other Than Tuition	3,700
400 Supplies and Materials	86,790
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	23,384
200 Employee Benefits	4,727
122 Trainable Mentally Handicapped:	
100 Salaries	26,105
200 Employee Benefits	723
124 Visually Handicapped:	
100 Salaries	2,105
200 Employee Benefits	425
125 Hearing Handicapped:	
100 Salaries	1,398
200 Employee Benefits	282
126 Speech Handicapped:	
100 Salaries	9,930
200 Employee Benefits	2,015
127 Learning Disabilities:	
100 Salaries	40,583
200 Employee Benefits	8,165
128 Emotionally Handicapped:	
100 Salaries	16,371
200 Employee Benefits	\$ 3,287

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
130 Pre-School Programs:	
137 Preschool Hanicapped Self Contained (3 & 4 Yr. Olds):	
100 Salaries	\$ 27,126
200 Employee Benefits	385
139 Early Childhood Programs:	
100 Salaries	98,923
200 Employee Benefits	31,010
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	201,446
200 Employee Benefits	60,228
300 Purchased Services	24,220
143 Advanced Placement:	
400 Supplies and Materials	1,001
148 Gifted and Talented - Artistic:	
100 Salaries	1,169
200 Employee Benefits	230
160 Other Exceptional Programs:	
161 Autism:	
100 Salaries	2,538
200 Employee Benefits	506
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	52,672
200 Employee Benefits	21,937
300 Purchased Services	150,784
400 Supplies and Materials	700
182 Adult Secondary Education Programs:	
100 Salaries	38,201
200 Employee Benefits	5,497
300 Purchased Services	1,201
400 Supplies and Materials	1,488
183 Adult Education Literacy (ESL):	
400 Supplies and Materials	4,702
188 Parenting/Family Literacy:	
100 Salaries	37,072
200 Employee Benefits	10,186
Total Instruction	<u>3,208,856</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	71,809
200 Employee Benefits	\$ 11,076

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	\$ 33,112
200 Employee Benefits	6,747
222 Library and Media:	
100 Salaries	6,949
200 Employee Benefits	1,401
223 Supervision of Special Programs:	
100 Salaries	61,965
200 Employee Benefits	17,316
300 Purchased Services	1,296
400 Supplies and Materials	1,206
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	41,111
200 Employee Benefits	9,203
300 Purchased Services	4,582
400 Supplies and Materials	5,923
230 General Administration Services:	
233 School Administration:	
100 Salaries	20,181
200 Employee Benefits	4,036
Total Support Services	<u>297,913</u>
TOTAL EXPENDITURES	<u>3,506,769</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2009

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3501 Increase High School Diploma Requirements	\$ 156,482	156,482	-	-	\$ -
3505 School Technology Initiative	10,229	10,229	-	-	47,029
3509 Arts in Education	5,000	5,000	-	-	1,125
3513 Parenting/Family Literacy (Carryover from 2004-05 Only)	47,258	47,258	-	-	-
3515 Advanced Placement Courses	1,001	1,001	-	-	-
3517 AP Singleton	205	205	-	-	-
3520 Gifted and Talented - Academic	252,638	252,638	-	-	108,912
3522 Gifted and Talented - Artistic	24,220	24,220	-	-	11,866
3523 Junior Scholars Programs	593	593	-	-	-
3525 Career and Technology Education Equipment	90,490	90,490	-	-	-
3527 Critical Teaching Needs	3,718	3,718	-	-	-
3530 Trainable & Profoundly Mentally Disabled Student Services	22,483	22,483	-	-	-
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	687,078	687,078	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3534 Professional Development on Standard	46,872	46,872	-	-	35,167
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	100,572	100,572	-	-	-
3542 Preschool Programs for Children with Disabilities	25,233	25,233	-	-	-
3546 Academic Assistance K-3	150,929	150,929	-	-	-
3548 Academic Assistance 4-12	117,014	117,014	-	-	137,146
3549 Academic Assistance Reading Recovery	33,905	33,905	-	-	-
3550 Teacher Salary Increase (No Carryover Provision)	860,404	860,404	-	-	-
3553 Adult Education - Remedial	32,487	32,487	-	-	22,370
3562 Adult Education, (Includes Rural and Workforce Initiative)	216,251	216,251	-	-	31,157
3564 Adult Education, Young Adult Initiative	110,229	110,229	-	-	6,728
3575 Competitive Teacher Grants	-	-	-	-	1,174
3577 Teacher Supplies (No Carryover Provision)	115,886	115,886	-	-	-
3578 High Schools That Work	4,390	4,390	-	-	2,523
3582 Principal Salary/Fringe Increase (No Carryover Provision)	24,217	24,217	-	-	-
3583 EAA Summer School/Comprehensive Remediation	-	-	-	-	42,631
3588 EAA Palmetto Gold and Silver Awards	19,966	19,966	-	-	43,213
3591 Excellence In Middle Schools	17,343	17,343	-	-	-
3592 School-to-Work Transition Act	17,810	17,810	-	-	-
3593 EAA Reduce Class Size Grades 1 - 3	223,417	223,417	-	-	50,464
3596 EAA Alternative Schools Program	87,372	87,372	-	-	-
Totals	\$ 3,506,769	3,506,769	-	-	\$ 541,505

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

YEAR ENDED JUNE 30, 2009

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

**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, 2009

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 11,426,558
1140 Penalties & Interest on Taxes (Independent)	299,995
1500 Earnings on Investments:	
1510 Interest on Investments	76,047
Total Revenue from Local Sources	<u>11,802,600</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption (Tier 2)	167,963
3830 Merchant's Inventory Tax	4,111
3840 Manufacturers Depreciation Reimbursement	16,399
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	22,225
Total Revenue from State Sources	<u>210,698</u>
TOTAL REVENUE ALL SOURCES	<u>12,013,298</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	3,200,000
620 Interest	3,480,178
690 Other Objects (Includes Fees for Servicing Bonds)	152,978
Total Debt Service	<u>6,833,156</u>
TOTAL EXPENDITURES	<u>6,833,156</u>
OTHER FINANCING SOURCES (USES)	
5110 Premium on Bonds Sold	377,363
5130 Proceeds of Refunding Debt	14,100,000
441-720 Payment to Refunded Debt Escrow Agent	(14,220,052)
Interfund Transfers, From (To) Other Funds:	
424-710 Transfer to Capital Projects Fund (See Note III.D. of the notes to the basic financial statements)	(2,110,233)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,852,922)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>3,327,220</u>
FUND BALANCE, Beginning of Year	<u>5,963,067</u>
FUND BALANCE, End of Year	<u>\$ 9,290,287</u>

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 642,081
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	35,000
TOTAL REVENUE ALL SOURCES	<u>677,081</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	104,343
400 Supplies and Materials	1,099,133
500 Capital Outlay:	
510 Land	131,521
525 Buildings	34,769,298
540 Equipment	897,238
545 Technology, Equipment and Software	276,851
Total Finance and Operations	<u>37,278,384</u>
500 Debt Service:	
690 Other Objects	40,553
Total Debt Service	<u>40,553</u>
TOTAL EXPENDITURES	<u>37,318,937</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Exclude Indirect Costs)	5,000,000
5240 Transfer from Debt Service Fund (See Note III.D. of the notes to the basic financial statements)	2,110,233
TOTAL OTHER FINANCING SOURCES (USES)	<u>7,110,233</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(29,531,623)
FUND BALANCE, Beginning of Year	<u>60,388,713</u>
FUND BALANCE, End of Year	<u>\$ 30,857,090</u>

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

Schedule E-1

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 962
1600 Food Service:	
1610 Lunch Sales to Pupils	769,311
1620 Breakfast Sales to Pupils	37,161
1630 Special Sales to Pupils	371,909
1640 Lunch Sales to Adults	40,212
1650 Breakfast Sales to Adults	1,484
1660 Special Sales to Adults	29,006
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	50,213
Total Revenue from Local Sources	<u>1,300,258</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	2,652
Total Revenue from State Sources	<u>2,652</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	785,398
4830 School Breakfast Program	182,040
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	168,548
Total Revenue from Federal Sources	<u>1,135,986</u>
TOTAL REVENUE ALL SOURCES	<u>2,438,896</u>
EXPENSES	
256 Food Service:	
100 Salaries	856,171
200 Employee Benefits	131,533
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	57,411
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,381,392
600 Other Objects	4,120
TOTAL EXPENSES	<u>2,430,627</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	8,269
FUND NET ASSETS, Beginning of Year	<u>826,848</u>
FUND NET ASSETS, End of Year	<u>\$ 835,117</u>

PUPIL ACTIVITY FUND

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

YEAR ENDED JUNE 30, 2009

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 536
1700 Pupil Activities:	
1710 Admissions	138,065
1720 Bookstore Sales	18,181
1740 Student Fees	429,812
1790 Other	594,763
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	1,500
1990 Miscellaneous Local Revenue	392
1999 Revenue from Other Local Sources	90
TOTAL RECEIPTS ALL SOURCES	<u>1,183,339</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
100 Salaries (Optional)	128
200 Employee Benefits (Optional)	26
400 Supplies and Materials (Optional)	51,134
660 Pupil Activity	29,429
Total Instruction	<u>80,717</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries (Optional)	40,448
200 Employee Benefits (Optional)	5,582
300 Purchased Services (Optional)	39,962
400 Supplies and Materials (Optional)	33,447
500 Capital Outlay (Optional)	83
660 Pupil Activity	1,072,981
Total Pupil Activity Expenditures	<u>1,192,503</u>
TOTAL DISBURSEMENTS	<u>1,273,220</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	152,500
TOTAL OTHER FINANCING SOURCES (USES)	<u>152,500</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES	62,619
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>351,299</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 413,918</u>

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

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2009

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
10	Clover High School	High School	School	\$ 14,710,920
11	Bethany Elementary	Elementary School	School	4,044,990
12	Bethel Elementary	Elementary School	School	4,561,621
13	Clover Middle	Middle School	School	4,519,599
14	Kinard Elementary	Elementary School	School	5,462,375
15	Clover Jr. High	Middle School	School	7,083,140
16	Crowders Creek Middle	Middle School	School	19,208,374
17	Stadium	Non-Schools	School	62,914
18	New Elementary School	Elementary School	Central	18,508,443
47	Griggs Road	Elementary School	School	4,510,809
51	Crowders Creek Elementary	Middle School	School	5,356,067
All Others	Clover School District	Non-Schools	Central	16,489,482
				\$ 104,518,734

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

Fund	Amount
General Fund	\$ 49,838,909
Special Revenue Fund	3,317,116
Special Revenue - EIA Fund	3,506,769
Special Revenue - Food Service Fund	2,430,627
Debt Service Fund	6,833,156
Capital Projects Fund	37,318,937
Pupil Activity Fund	1,273,220
	\$ 104,518,734

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

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	\$ 182,040
600	National School Lunch Program - Cash Assistance	10.555	N/A	785,398
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	168,548
Total US Department of Agriculture				1,135,986
US Department of Education				
Pass-through State Department of Education:				
201	Title I Individuals with Disabilities Education Act	84.010	09-BA090	505,374
242	Special Education - Grants to States	84.027	09-CA090	1,205,306
		Total 84.027		1,205,306
243	Adult Education - Basic	84.002	09-EK090	107,753
207	Occupational Education (subprogram 16)	84.048	09-VA090	84,445
240	Special Education--Preschool Grants	84.173	09-CG090	34,414
209	Safe and Drug Free Schools and Communities	84.186	09-FQ090	8,177
264	Title III- English Language Acquisition	84.365A	09-BP090	20,655
267	Title II - Improving Teacher Quality	84.367A	09-TQ090	76,002
Total US Department of Education				331,446
US Department of Defense				
Direct Programs:				
271	JROTC	12.000	N/A	60,316
Total US Department of Defense				60,316
TOTAL FEDERAL ASSISTANCE EXPENDED				\$ 3,238,428

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

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

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, 2009. 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 basic financial statements.

C – Relationship to Basic Financial Statements

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

D – Relationship to Federal Financial Reports

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clover School District No. 2 (the "School District"), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 4, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's basic financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's basic financial statements are free of 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 basic 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*.

We noted certain other matters that we reported to management of the School District in a separate letter dated November 4, 2009.

This report is intended solely for the information and use of management, the Board of Trustees, the South Carolina Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Greene, Finney & Horton LLP

Greene, Finney, and Horton, LLP
Mauldin, South Carolina
November 4, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Clover School District No. 2 (the "School District"), with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, the South Carolina Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Greene, Finney & Horton LLP

Greene, Finney, and Horton, LLP
Mauldin, South Carolina
November 4, 2009

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2009

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, 2009

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA - Special Education - Grants to States

Dollar threshold used to distinguish between type A and type B programs: _____ \$300,000 _____

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

Section II - Findings - Current Year Financial Statements Audit

NONE

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

NONE