

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008

**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, 2008

Board of Trustees

**Steve Brown, Chairperson
Joe Gordon, Vice-Chairperson
Windy Bartee, Secretary
Franklin Pendleton, Legislative Liaison
Bob Magee
Kathy Cantrell
Mack McCarter**

Superintendent

Dr. Marc Sosne

Chief Finance and Operations Officer

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, 2008, 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, 2008, 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 5, 2008 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
November 5, 2008

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2008

This discussion and analysis of Clover School District Number 2 (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2008. 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 2008 are as follows:

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by approximately \$75.5 million. Of this amount, approximately \$31.1 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 \$14.5 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 \$80.9 million, an increase of approximately \$55.8 million from the prior year ending fund balance, which is primarily attributable to a bond issuance (including premium) of approximately \$60.9 million and to revenues exceeding the normal operating expenditures of the School District. Approximately 17% of the total fund balance amount (unreserved and undesignated fund balance), or approximately \$13.7 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 \$13.4 million, which was approximately 29% of total General Fund expenditures.
- The School District's total net capital assets increased by approximately \$16.4 million (30%) 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 \$18.0 million, partially offset by depreciation expense of approximately \$1.6 million.
- The School District's total debt (including premium) increased by approximately \$57.1 million (280%) during the current fiscal year due to a debt issuance of approximately \$60.9 million (including premium) less scheduled principal payments and amortization of the premium of approximately \$3.8 million.
- During the 2008 fiscal year, the School District's governmental fund type revenues were approximately \$77.7 million compared to approximately \$65.8 million in the prior year. This increase of approximately 18% was primarily due to an increasing student population and no state revenue reductions. The School District also increased the operating tax levy by 6 mills and the debt service tax levy increased by 10 mills.
- The School District had approximately \$63.4 million in expenses related to governmental activities, as reported under GASB #34 requirements. Approximately \$25.1 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of approximately \$52.9 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, 2008

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, 2008

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, 2008

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 \$75.5 million at the close of the most recent fiscal year.

Table 1 provides a summary of the School District's net assets for 2008 and 2007:

Table 1
Net Assets

	Governmental Activities	
	2008	2007
Assets		
Current and Other Assets	\$ 93,253,066	\$ 31,299,804
Capital Assets	71,687,110	55,261,396
Total Assets	<u>164,940,176</u>	<u>86,561,200</u>
Liabilities		
Other Liabilities	11,949,747	5,190,050
Long-Term Liabilities	77,498,926	20,400,000
Total Liabilities	<u>89,448,673</u>	<u>25,590,050</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	38,405,336	34,861,396
Restricted	5,960,277	4,434,834
Unrestricted	31,125,890	21,674,920
Total Net Assets	<u>\$ 75,491,503</u>	<u>\$ 60,971,150</u>

The School District's current and other assets at June 30, 2008 increased by approximately \$62.0 million from the prior year, primarily due to unspent bond proceeds as well as revenues continuing to exceed the operating expenses of the School District. The School District's capital assets at June 30, 2008 increased by approximately \$16.4 million from the prior year. The increase was primarily due to construction in progress of two schools, roof improvements, and other additions of approximately \$18.0 million, partially offset by depreciation expense of approximately \$1.6 million. Total liabilities at June 30, 2008 increased by approximately \$63.9 million from the prior year. The increase was primarily due to accrued construction costs and the issuance of Series 2007-A General Obligation Bonds for approximately \$60.9 million (including premium) which was partially offset by principal payments on long-term debt and amortization of the premium of approximately \$3.8 million.

The School District's net assets increased by approximately \$14.5 million during 2008, 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 \$75.5 million at the close of the most recent fiscal year. By far the largest portion of the School District's net assets (approximately \$38.4 million or 51%) 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, 2008

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the School District's net assets of approximately \$6.0 million (8%) 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 \$31.1 million (41%) 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 2008 and 2007.

Table 2
Changes in Net Assets

Revenues	Governmental Activities	
	2008	2007
Program Revenues:		
Charges for Services	\$ 2,567,898	\$ 2,317,554
Operating Grants	22,517,840	18,139,281
General Revenue:		
Taxes	50,033,807	43,474,864
Other	2,829,587	1,449,266
Total Revenues	77,949,132	65,380,965
Program Expenses		
Instruction	35,058,433	30,708,523
Support Services	25,112,929	24,897,502
Intergovernmental	65,450	81,674
Interest and Fiscal Charges	3,191,967	1,182,999
Total Program Expenses	63,428,779	56,870,698
Change in Net Assets	14,520,353	8,510,267
Net Assets, Beginning of Year	60,971,150	52,460,883
Net Assets, End of Year	\$ 75,491,503	\$ 60,971,150

Governmental Activities. The School District's net assets from 2007 to 2008 increased by approximately \$14.5 million or 24%. Key elements that impacted the change in net assets for 2008 are as follows:

- Operating revenues of 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.

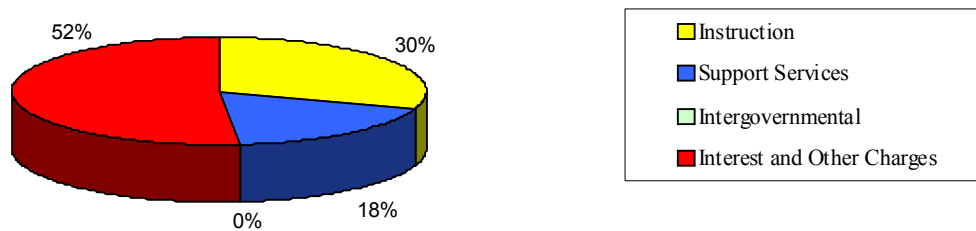
**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2008

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Program Expenses by Function
Governmental Activities**



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, 2008, the School District's governmental funds reported a combined fund balance of approximately \$80.9 million, as compared to approximately \$25.1 million for the prior year. The significant difference is due primarily to the School District's bond issue and its desire to build funds for future construction projects. 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, 2008, the School District's unreserved, undesignated fund balance for all governmental funds was approximately \$13.7 million. The remaining \$67.2 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 \$13.4 million (which was also the total fund balance). The School District's General Fund balance increased by approximately \$1.0 million (8%) during fiscal year 2008. The District has a goal of 25% of its subsequent year's operation budget as its unencumbered General Fund balance.

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 \$2.2 million from the prior year's balance, primarily due to increased tax assessment and collections. The fiscal year ended 2008 fund balance was approximately \$6.0 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, 2008

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 capital project transactions. The fund balance for the Capital Projects Fund increased by approximately \$52.5 million in 2008 to approximately \$60.4 million for the fiscal year ended June 30, 2008. The increase was primarily a result of funds borrowed for construction expenses in future years.

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 2008 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 no significant state revenue shortfalls.
- The School District's total assessed value for property taxes was higher than anticipated at budget time.
- Student body growth.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the School District’s investment in capital assets was approximately \$71.7 million, net of accumulated depreciation. The total increase in the School District’s investment in net capital assets was approximately \$16.4 million, or 30%.

Table 3 shows fiscal 2008 and 2007 capital asset balances:

Table 3
Capital Assets

	Governmental Activities	
	June 30, 2008	June 30, 2007
Land	\$ 6,106,372	\$ 5,720,076
Construction in Progress	18,792,253	1,289,806
Building and Improvements	65,749,230	65,749,230
Machinery and Equipment	2,673,229	2,595,492
Less: Accumulated Depreciation	(21,633,974)	(20,093,208)
Totals	\$ 71,687,110	\$ 55,261,396

Major capital asset events during the current fiscal year included:

- Land acquisition of approximately \$0.4 million
- Construction on two new schools for approximately \$17.5 million
- Office and other equipment of approximately \$0.1 million
- Depreciation expense of approximately \$1.6 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, 2008

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

As shown in Table 4, the School District had outstanding debt of approximately \$77.5 million and \$20.4 million as of June 30, 2008 and 2007, respectively. The School District issued long-term debt (including premium) of approximately \$60.9 million in 2008. The School District made principal and interest payments on debt in 2008 of approximately \$3.7 million and \$2.2 million, respectively, 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.

Long-Term Debt	Governmental Activities	
	June 30, 2008	June 30, 2007
1998 GO Bonds*	\$ -	\$ 1,200,000
1999 GO Bonds*	16,700,000	17,700,000
2001 GO Bonds	-	1,500,000
2007-A GO Bonds*	58,500,000	-
Premium - 2007-A GO Bonds	2,298,926	-
	\$ 77,498,926	\$ 20,400,000

* 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, 2008, was approximately \$21.1 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 balance sheet as a deferred long-term liability 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 6,300 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 plant, a plant manufacturing metalworking tools, and several lesser industries.

Duke Power Company has constructed the Catawba Nuclear Station consisting of two nuclear units estimated to cost approximately \$4 billion. The combined number of employees for the Catawba Nuclear Station and Duke Power Company is approximately 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2008

ECONOMIC FACTORS (CONTINUED)

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 51% of the School District's total property tax assessment. Last year, the station comprised 53% 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 2009 BUDGET

Many factors were considered by the School District's administration during the process of developing the fiscal year 2008-2009 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 3.85% to 5.85% for budget year 2008-2009. 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, 2008

	PRIMARY GOVERNMENT
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 16,170,664
Cash and Investments Held by County Treasurer	73,869,007
Property Taxes Receivable, Net	1,850,784
Accounts Receivable, Net	20,991
Due from Other Governments	1,304,756
Inventories and Prepaid Items	36,864
Capital Assets:	
Non-Depreciable	24,898,625
Depreciable, Net	46,788,485
TOTAL ASSETS	164,940,176
LIABILITIES	
Accounts Payable	6,216,130
Accrued Salaries, Fringe & Benefits	3,467,043
Accrued Interest Payable	1,206,306
Unearned Revenue	1,060,268
Non-Current Liabilities:	
Due Within One Year	3,000,000
Due in More than One Year	74,498,926
TOTAL LIABILITIES	89,448,673
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	38,405,336
Restricted For:	
Debt Service	5,061,917
Special Revenue	71,512
Food Service	826,848
Unrestricted	31,125,890
TOTAL NET ASSETS	\$ 75,491,503

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, 2008

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	\$ 35,058,433	6,366	15,804,555	-	\$ (19,247,512)
Support Services	25,112,929	2,561,532	6,713,285	-	(15,838,112)
Intergovernmental	65,450	-	-	-	(65,450)
Interest and Other Charges	3,191,967	-	-	-	(3,191,967)
Total Governmental Activities	<u>63,428,779</u>	<u>2,567,898</u>	<u>22,517,840</u>	<u>-</u>	<u>(38,343,041)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 63,428,779</u>	<u>2,567,898</u>	<u>22,517,840</u>	<u>-</u>	<u>(38,343,041)</u>

GENERAL REVENUES

General Revenues:	
Property Taxes Levied for General Purposes	29,906,351
Property Taxes Levied for Debt Service	9,758,303
State Revenue in Lieu of Taxes	10,190,980
Other Taxes	178,173
Investment Earnings	2,788,872
Miscellaneous	40,715
Total General Revenues	<u>52,863,394</u>

CHANGE IN NET ASSETS

NET ASSETS - Beginning of Year	<u>60,971,150</u>
NET ASSETS - Ending of Year	<u>\$ 75,491,503</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, 2008

	GENERAL	SPECIAL REVENUE
ASSETS		
Cash and Cash Equivalents	\$ 16,157,469	-
Cash and Investments Held by County Treasurer	10,781,399	-
Receivables, Net:		
Taxes	1,466,143	-
Accounts	1,641	19,350
Due From:		
State Agencies	42,175	44,906
Federal Agencies	-	1,029,914
Other Funds	8,944	789,513
Inventories	-	-
Other Assets	-	-
TOTAL ASSETS	28,457,771	1,883,683
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	4,386,900	21,948
Accrued Salaries, Fringe & Benefits	3,467,043	-
Due To:		
Other Funds	5,963,656	866,000
Deferred/Unearned Revenue	1,257,438	610,066
TOTAL LIABILITIES	15,075,037	1,498,014
FUND BALANCES:		
Fund Balances		
Reserved for:		
Inventories	-	-
Debt Service	-	-
Special Revenue	-	71,512
Food Service	-	-
Unreserved:		
Designated for Capital Projects	-	-
Undesignated	13,382,734	314,157
TOTAL FUND BALANCES	13,382,734	385,669
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,457,771	1,883,683

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
-	13,195	-	-	\$ 16,170,664
-	-	5,883,583	57,204,025	73,869,007
-	-	384,641	-	1,850,784
-	-	-	-	20,991
181,128	-	-	-	268,209
-	6,633	-	-	1,036,547
388,984	803,398	-	8,000,000	9,990,839
-	36,864	-	-	36,864
-	-	-	-	-
570,112	860,090	6,268,224	65,204,025	103,243,905
-	-	1	1,807,281	6,216,130
-	-	-	-	3,467,043
153,152	-	-	3,008,031	9,990,839
416,960	33,242	305,156	-	2,622,862
570,112	33,242	305,157	4,815,312	22,296,874
-	36,864	-	-	36,864
-	-	5,963,067	-	5,963,067
-	-	-	-	71,512
-	789,984	-	-	789,984
-	-	-	60,388,713	60,388,713
-	-	-	-	13,696,891
-	826,848	5,963,067	60,388,713	80,947,031
570,112	860,090	6,268,224	65,204,025	\$ 103,243,905

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

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

JUNE 30, 2008

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS **\$ 80,947,031**

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.	1,562,594
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 \$93,321,084, and the accumulated depreciation is \$21,633,974.	71,687,110
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.	(1,206,306)
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	(75,200,000)
Net Premium (Less Deferred Loss on Refunding)	(2,298,926)
	(77,498,926)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES **\$ 75,491,503**

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, 2008

	GENERAL	SPECIAL REVENUE
REVENUES		
Local Sources:		
Taxes	\$ 29,730,266	-
Investment Earnings	549,040	-
Other Local Sources	47,081	357,190
State Sources	24,821,168	954,440
Federal Sources	-	2,229,163
Intergovernmental Revenue	-	46,938
TOTAL REVENUE ALL SOURCES	55,147,555	3,587,731
EXPENDITURES		
Current:		
Instruction	27,965,268	2,175,735
Support Services	17,997,509	1,334,944
Intergovernmental	30,000	35,450
Capital Outlay	7,533	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
TOTAL EXPENDITURES	46,000,310	3,546,129
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,147,245	41,602
OTHER FINANCING SOURCES (USES)		
Issuance of General Obligation Bonds	-	-
Premium on General Obligation Bonds	-	-
Transfers In	-	-
Transfers Out	(8,165,600)	-
TOTAL OTHER FINANCING SOURCES (USES)	(8,165,600)	-
NET CHANGES IN FUND BALANCES	981,645	41,602
FUND BALANCE, Beginning of Year	12,401,089	344,067
FUND BALANCE, End of Year	\$ 13,382,734	385,669

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
-	-	9,700,021	-	\$ 39,430,287
-	-	169,237	2,070,595	2,788,872
-	1,342,436	-	35,000	1,781,707
-	-	158,675	384,774	26,319,057
-	1,019,214	-	-	3,248,377
4,096,145	3,382	-	-	4,146,465
4,096,145	2,365,032	10,027,933	2,490,369	77,714,765
3,270,438	-	-	-	33,411,441
457,338	2,339,520	-	20,387,343	42,516,654
-	-	-	-	65,450
61,793	22,721	-	411,334	503,381
-	-	3,700,000	-	3,700,000
-	-	2,232,880	167,676	2,400,556
3,789,569	2,362,241	5,932,880	20,966,353	82,597,482
306,576	2,791	4,095,053	(18,475,984)	(4,882,717)
-	-	-	58,500,000	58,500,000
-	-	-	2,359,424	2,359,424
-	-	153,288	10,153,288	10,306,576
(306,576)	-	(2,000,000)	-	(10,472,176)
(306,576)	-	(1,846,712)	71,012,712	60,693,824
-	2,791	2,248,341	52,536,728	55,811,107
-	824,057	3,714,726	7,851,985	25,135,924
-	826,848	5,963,067	60,388,713	\$ 80,947,031

**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, 2008

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 55,811,107
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.	234,367
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Activities.	3,700,000
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. The District issued debt of \$58,500,000 and received a bond premium of \$2,359,424 during the current year.	(60,859,424)
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.	(851,909)
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.	60,498
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 (\$17,980,791) exceeded depreciation expense (\$1,555,077) in the current year.	16,425,714
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 14,520,353</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**

STATEMENT OF ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2008

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 11,100
Investments	18,422
Accounts Receivable	325,877
TOTAL ASSETS	<u><u>355,399</u></u>
LIABILITIES	
Accounts Payable	2,459
Other Payables	1,641
Due to Student Organizations	351,299
TOTAL LIABILITIES	<u><u>\$ 355,399</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, 2008

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, 2008

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, 2008

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, 2008

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 Local Government Investment Pool ("Pool") to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the Pool are reported as investments.

Investments

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

- (a) Obligations of the United States and agencies thereof;
- (b) General obligations of the State of South Carolina or any of its political units;
- (c) Savings and Loan Associations to the extent that the same are insured by an agency of the Federal Government;
- (d) Certificates of Deposit and funds in deposit accounts with banking institutions provided that such certificates and funds in deposit accounts 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 or funds in deposit accounts 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;
- (e) Collateralized repurchase agreements when collateralized by securities as set forth in (a) and (b) above and held by the governmental entity or a third party as escrow agent or custodian; and
- (f) 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), and (e) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The School District's cash investment objectives are preservation of capital, liquidity and yield. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investments Pools,"* all investments are reported at their fair values (which are normally determined by quoted market prices). The School District has no investments at this time reported at amortized cost.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

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 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).

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

4. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net 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.

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.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

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

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.

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

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.

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 Superintendent and the Finance Director then presents a proposed budget to the Board of Trustees which reviews it in a series of workshops and makes any additions or deletions it deems necessary.
- (4) Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

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, 2008, none of the School District's total bank balances of \$449,728 (with a carrying value of \$55,337) were subject to custodial credit risk.

Investments

As of June 30, 2008, 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	\$ 16,126,427	^
Cash and Investments Held by County Treasurer	Unrated	73,869,007	*
Total		<u>\$ 89,995,434</u>	

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

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

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

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, 2008, none of the School District's investments were exposed to custodial credit risk.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

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

B. Property Taxes and Other Receivables

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

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

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

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

For the year ended June 30, 2008, the operating millage rate was set at 135 mills (129 mills in the prior year) to cover the general operations of the School District. The debt service millage rate was set at 38 mills (28 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 \$1,850,784 (net of an allowance for uncollectibles of \$77,116) at June 30, 2008. Allowances for uncollectibles were not necessary for the other receivable accounts.

Delinquent property taxes of \$208,705 in the General Fund, and \$79,485 in the Debt Service Fund, have been recognized as revenue at June 30, 2008, because they were collected within sixty days after year end as they were considered measurable and available.

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, 2008, the various components of deferred/unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable - General Fund	\$	1,257,438
Delinquent Property Taxes Receivable - Debt Service Fund		305,156
Unearned Revenue from Special Revenue and Special Revenue - EIA Funds		1,027,026
Unearned Revenue from Special Revenue - Food Service Fund		33,242
Total Deferred/Unearned Revenue for Governmental Funds	\$	<u>2,622,862</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

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

C. Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2008 (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	\$ 8,944	\$ 5,963,656
Special Revenue Funds:		
Special Revenue	789,513	866,000
EIA	388,984	153,152
Food Service	803,398	-
Capital Projects Fund	8,000,000	3,008,031
Total	<u>\$ 9,990,839</u>	<u>\$ 9,990,839</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 \$8,000,000.

D. Transfers In and (Out)

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 \$8,000,000 for designated future capital projects. The School District also made a transfer from the Debt Service Fund to the Capital Projects Fund for \$2,000,000 to retire the short-term debt obligation.

Transfers from (to) other funds for the year ended June 30, 2008, consisted of the following:

Fund	Transfers From	Transfer To
General Fund	\$ 8,165,600	\$ -
Special Revenue - EIA	666,816	360,240
Debt Service	2,000,000	153,288
Capital Projects Fund	-	10,153,288
Agency Fund	-	165,600
	<u>\$ 10,832,416</u>	<u>\$ 10,832,416</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

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

E. Capital Assets

Capital asset activity for the School District for the year ended June 30, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 5,720,076	386,296	-	\$ 6,106,372
Construction in Progress	1,289,806	17,502,447	-	18,792,253
Total Capital Assets, Non-Depreciable	<u>7,009,882</u>	<u>17,888,743</u>	<u>-</u>	<u>24,898,625</u>
Capital Assets, Depreciable:				
Buildings and Improvements	65,749,230	-	-	65,749,230
Machinery and Equipment	2,595,492	92,048	14,311	2,673,229
Total Capital Assets, Depreciable	<u>68,344,722</u>	<u>92,048</u>	<u>14,311</u>	<u>68,422,459</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	17,887,125	1,444,436	-	19,331,561
Machinery and Equipment	2,206,083	110,641	14,311	2,302,413
Total Accumulated Depreciation	<u>20,093,208</u>	<u>1,555,077</u>	<u>14,311</u>	<u>21,633,974</u>
Total Capital Assets, Depreciable, Net	48,251,514	(1,463,029)	-	46,788,485
Governmental Activities Capital Assets, Net	<u>\$ 55,261,396</u>	<u>16,425,714</u>	<u>-</u>	<u>\$ 71,687,110</u>

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

Governmental Activities:	
Instruction	\$ 1,217,914
Support Services	337,163
Total Depreciation Expense - Governmental Activities	<u>\$ 1,555,077</u>

Additions were charged to functions/programs of the primary government as follows:

Governmental Activities:	
Instruction	\$ 30,255
Support Services	17,950,536
Total Additions - Governmental Activities	<u>\$ 17,980,791</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

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 2008:

Governmental Activities:	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Bond, 2007-B	\$ -	2,000,000	2,000,000	\$ -
Total Governmental Activities	\$ -	2,000,000	2,000,000	\$ -

The School District issued a General Obligation Bond ("Bond") in September 2007 for \$2,000,000. This Bond was issued for various construction projects throughout the School District in relation to Roofing repairs for several schools. The School District repaid the Bond in March 2008 with interest of \$36,667.

G. Long-Term Obligations

The general obligation bonds ("GO") payable at June 30, 2008, were comprised of the following:

- 1998 Series: Original issue of \$9,900,000, principal due in annual installments of \$300,000 to \$1,200,000 at March 1 through 2008; interest at 5.75% to 3.75% paid semiannually.
- 1999 Series: Original issue of \$22,900,000, principal due in annual installments of \$700,000 to \$5,000,000 at March 1 through 2013; interest at 6.50% to 5.125% paid semiannually.
- 2001 Series: Original issue of \$6,500,000, principal due in annual installments of \$1,000,000 to \$1,750,000 at March 1 through 2008; interest at 4.00% paid semiannually.
- 2007-A Series: Original issue of 58,500,000, principal due in annual installments of \$25,000 to \$5,725,000 at 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.

Following is a summary of changes in the School District long-term obligations for the year ended June 30, 2008:

Long-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
1998 GO Bonds *	\$ 1,200,000	-	1,200,000	-	\$ -
1999 GO Bonds *	17,700,000	-	1,000,000	16,700,000	3,000,000
2001 GO Bonds	1,500,000	-	1,500,000	-	-
2007-A GO Bonds *	-	58,500,000	-	58,500,000	-
Premium-2007-A GO Bonds	-	2,359,424	60,498	2,298,926	-
Total Governmental Activities	\$ 20,400,000	60,859,424	3,760,498	77,498,926	\$ 3,000,000

* 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, 2008

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
2009	\$ 3,000,000	3,618,919	\$ 6,618,919
2010	2,500,000	3,465,169	5,965,169
2011	3,000,000	3,337,044	6,337,044
2012	3,225,000	3,183,294	6,408,294
2013	5,025,000	2,890,169	7,915,169
2014-2018	16,410,000	12,246,218	28,656,218
2019-2023	21,005,000	7,730,250	28,735,250
2024-2028	21,035,000	2,438,100	23,473,100
Total	<u>\$ 75,200,000</u>	<u>38,909,163</u>	<u>\$ 114,109,163</u>

In September 2006, the voters of the School District approved a \$58.5 million bond referendum. The proceeds from these bonds will be used to build a new middle school, a new elementary school, to add technology and other renovations, and facility upgrades.

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, 2008, was approximately \$21,087,000. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

IV. OTHER INFORMATION (CONTINUED)

A. South Carolina Retirement System Retirement Plans (Continued)

The employee required contribution rates to the SCRS plan was 6.50%, 6.50%, and 6.25% of covered salary for the years ended June 30, 2008, 2007, and 2006, respectively. The employer required contribution rate to the SCRS plan was 9.06%, 8.05%, and 7.55% for the year ended June 30, 2008, 2007, and 2006, respectively. Because the contribution rates to the SCRS are required, they are also actual contributions as well. Thus, the actual contribution rate and amount is 100% of the required contribution rate and amount for the plan for all years presented.

The State of South Carolina also provides an optional retirement plan (“State ORP”). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the IRC. The State ORP is a defined contribution plan that provides retirement and survivor benefits 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 6.25% of covered salary for the year ended June 30, 2008, 2007, and 2006, respectively. The employer required contribution rates are 9.06%, 8.05%, and 7.55% for the years ended June 30, 2008, 2007, and 2006. For which in 2008, 2007, and 2006, 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) 3.42%, 3.35%, and 3.25% surcharge on payroll for retiree health and dental insurance and group life insurance benefit for their active participants for the years ended June 30, 2008, 2007, and 2006, respectively. All employers contribute at the actuarially required contribution rates.

The School District had total wages of approximately \$35,614,000, \$33,147,000, and \$30,958,000 for the years ended June 30, 2008, 2007, and 2006, 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>				
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
2006	\$ 28,161,895	1,558,407	3,083,728	\$ 4,642,135
<u>State ORP</u>				
2008	\$ 2,795,779	181,726	213,318	\$ 395,044
2007	1,938,541	126,805	226,173	352,978
2006	\$ 1,383,164	86,448	146,593	\$ 233,041

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

IV. OTHER INFORMATION (CONTINUED)

B. Post-Employment Health Care Benefits

In addition to the pension benefits, and in accordance with provisions of the State Appropriations Act, an employer contribution surcharge (3.42% for 2008, 3.35% for 2007, and 3.25% for 2006) 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, 2008 was \$1,183,577. There were on average 90 participants eligible to receive retiree health insurance coverage during June 30, 2008.

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 \$8,000,000 for future school capital projects (the Board designated \$7,851,985 in the prior year) was approved during 2008. The District reflected the Board's decision by transferring the designated funds from the General Fund to the Capital Projects Fund.

F. Concentration of Property Tax Revenue Risk

The School District receives approximately 67% 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 re-roofing work at the old part of Clover High and the cafeteria at Kinard Elementary (\$448,000), re-roofing part of the Junior High School (\$532,000), and re-roofing at Bethany Elementary (\$303,000). In addition, School District had outstanding construction commitments around two new schools (\$33,920,000) being built.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2008

IV. OTHER INFORMATION (CONTINUED)

H. Subsequent Events

Millage Increase

The Board of Trustees approved a 6 mill increase (increased to 141 mills from 135 mills) for the next property tax year for the general operations of the School District. The Board of Trustees also approved a 6 mill increase (increased to 44 mills from 38 mills) for the next property tax year for the scheduled debt service requirements of the School District.

Debt Issuances

In October 2008, the School District issued a \$2,000,000 general obligation bond series 2008 at a rate of 1.53% that is scheduled to be paid in full on March 2, 2009. This bond will be used for capital improvements in the School District relating to roofing repairs.

State Budget Cuts

Subsequent to year end, the State of South Carolina enacted budget cuts which will reduce the budgeted State revenue for fiscal year 2009. The School District anticipates absorbing these cuts without a negative impact on the instructional program.

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL
YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 29,223,800	29,223,800	29,730,266	\$ 506,466
Investment Earnings	275,000	275,000	549,040	274,040
Other Local Sources	75,000	75,000	47,081	(27,919)
State Sources	22,228,862	22,228,862	24,821,168	2,592,306
TOTAL REVENUE ALL SOURCES	51,802,662	51,802,662	55,147,555	3,344,893
EXPENDITURES				
Current:				
Instruction	30,927,659	30,927,659	27,965,268	2,962,391
Support Services	20,745,003	20,745,003	17,997,509	2,747,494
Intergovernmental	30,000	30,000	30,000	-
Capital Outlay	100,000	100,000	7,533	92,467
TOTAL EXPENDITURES	51,802,662	51,802,662	46,000,310	5,802,352
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	9,147,245	9,147,245
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(8,165,600)	(8,165,600)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(8,165,600)	(8,165,600)
NET CHANGE IN FUND BALANCE	-	-	981,645	981,645
FUND BALANCES, Beginning of Year	12,401,089	12,401,089	12,401,089	-
FUND BALANCES, End of Year	\$ 12,401,089	12,401,089	13,382,734	\$ 981,645

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, 2008

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 26,000,000	26,322,024	\$ 322,024
1140 Penalties & Interest on Taxes (Independent)	400,000	366,733	(33,267)
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	2,673,800	2,958,684	284,884
1240 Penalties & Interest on Taxes (Dependent)	150,000	82,825	(67,175)
1300 Tuition:			
1310 From Patrons for Regular Day School	-	6,366	6,366
1500 Earnings on Investments:			
1510 Interest on Investments	275,000	549,040	274,040
1900 Other Revenue from Local Sources:			
1910 Rentals	25,000	16,167	(8,833)
1930 Medicaid	-	5,201	5,201
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	50,000	19,347	(30,653)
Total Revenue from Local Sources	<u>29,573,800</u>	<u>30,326,387</u>	<u>752,587</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	804	804
3132 Home Schooling (No Carryover Provision)	-	1,238	1,238
3160 School Bus Driver's Salary	257,271	331,655	74,384
3162 Transportation Workers' Compensation	-	22,921	22,921
3165 EEDA Transportation	-	442	442
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	2,782,786	2,796,827	14,041
3181 Retiree Insurance (No Carryover Provision)	668,386	701,949	33,563
3199 Other Restricted State Grants	-	6,242	6,242
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	671,971	744,378	72,407
3312 Primary	1,937,662	2,283,074	345,412
3313 Elementary	3,152,134	3,070,130	(82,004)
3314 High School	476,087	667,635	191,548
3315 Trainable Mentally Handicapped	56,329	46,958	(9,371)
3316 Speech Handicapped (Part-Time Program)	599,997	589,066	(10,931)
3317 Homebound	\$ 18,920	27,257	\$ 8,337

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2008

	FINAL BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 77,003	75,417	\$ (1,586)
3322 Educable Mentally Handicapped	80,437	60,747	(19,690)
3323 Learning Disabilities	682,962	713,584	30,622
3324 Hearing Handicapped	17,723	11,169	(6,554)
3325 Visually Handicapped	10,041	14,892	4,851
3326 Orthopedically Handicapped	31,795	29,050	(2,745)
3327 Vocational	2,301,128	2,388,663	87,535
3330 Other EFA Programs:			
3331 Autism	31,230	46,090	14,860
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	7,800,000	9,498,278	1,698,278
3820 Homestead Exemption (Tier 2)	525,000	573,275	48,275
3830 Merchant's Inventory Tax	35,000	36,504	1,504
3890 Other State Property Tax Revenues (Includes MC Vehicle Tax)	-	82,923	82,923
3900 Other State Revenue:			
3999 Revenue from Other State Sources	15,000	-	(15,000)
Total Revenue from State Sources	<u>22,228,862</u>	<u>24,821,168</u>	<u>2,592,306</u>
TOTAL REVENUE ALL SOURCES	<u>51,802,662</u>	<u>55,147,555</u>	<u>3,344,893</u>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,340,196	1,404,659	(64,463)
200 Employee Benefits	451,452	410,952	40,500
300 Purchased Services	614	698	(84)
400 Supplies and Materials	24,809	24,857	(48)
600 Other Objects	100	83	17
112 Primary Programs:			
100 Salaries	4,858,000	4,733,952	124,048
200 Employee Benefits	1,460,533	1,567,644	(107,111)
300 Purchased Services	925	1,342	(417)
400 Supplies and Materials	105,282	104,448	834
600 Other Objects	\$ 300	229	\$ 71

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2008

	FINAL BUDGET	ACTUAL	VARIANCE
113 Elementary Programs:			
100 Salaries	\$ 7,577,410	6,298,551	\$ 1,278,859
200 Employee Benefits	2,226,654	2,003,457	223,197
300 Purchased Services	115,306	115,572	(266)
400 Supplies and Materials	188,478	134,105	54,373
600 Other Objects	320	205	115
114 High School Programs:			
100 Salaries	4,960,665	4,097,063	863,602
200 Employee Benefits	1,393,148	1,203,569	189,579
300 Purchased Services	52,950	56,813	(3,863)
400 Supplies and Materials	234,420	218,998	15,422
600 Other Objects	-	158	(158)
115 Career and Technology Education Program:			
100 Salaries	776,008	763,291	12,717
200 Employee Benefits	231,433	238,169	(6,736)
300 Purchased Services - Other Than Tuition	2,985	4,217	(1,232)
400 Supplies and Materials	30,919	29,881	1,038
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	359,636	367,306	(7,670)
200 Employee Benefits	116,329	114,536	1,793
300 Purchased Services	500	-	500
122 Trainable Mentally Handicapped:			
100 Salaries	308,867	238,056	70,811
200 Employee Benefits	96,709	88,066	8,643
123 Orthopedically Handicapped:			
100 Salaries	64,419	39,107	25,312
200 Employee Benefits	27,897	14,745	13,152
124 Visually Handicapped:			
100 Salaries	125,247	77,470	47,777
200 Employee Benefits	38,646	20,366	18,280
125 Hearing Handicapped:			
100 Salaries	65,546	63,943	1,603
200 Employee Benefits	17,818	16,109	1,709
126 Speech Handicapped:			
100 Salaries	265,605	285,373	(19,768)
200 Employee Benefits	82,137	71,407	10,730
127 Learning Disabilities:			
100 Salaries	1,043,274	1,015,270	28,004
200 Employee Benefits	\$ 326,676	293,622	\$ 33,054

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2008

	FINAL BUDGET	ACTUAL	VARIANCE
128 Emotionally Handicapped:			
100 Salaries	\$ 224,495	280,742	\$ (56,247)
200 Employee Benefits	73,739	81,518	(7,779)
130 Pre-School Programs:			
133 Pre-School Handicapped-Self-Contained (5-Yr. Olds)			
100 Salaries	30,430	26,923	3,507
200 Employee Benefits	10,886	5,117	5,769
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	71,431	59,459	11,972
200 Employee Benefits	23,411	19,752	3,659
139 Early Childhood Programs:			
100 Salaries	756,016	709,832	46,184
200 Employee Benefits	223,134	188,397	34,737
300 Purchased Services	150	142	8
400 Supplies and Materials	11,953	11,720	233
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	17,217	6,958	10,259
200 Employee Benefits	8,362	3,347	5,015
300 Purchased Services	11,950	10,584	1,366
400 Supplies and Materials	7,700	4,676	3,024
600 Other Objects	350	329	21
145 Homebound:			
100 Salaries	-	37,500	(37,500)
200 Employee Benefits	-	6,335	(6,335)
300 Purchased Services	30,000	4,946	25,054
149 Other Special Programs:			
100 Salaries	150,722	139,735	10,987
200 Employee Benefits	40,007	30,853	9,154
300 Purchased Services	-	4,621	(4,621)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	145,009	96,508	48,501
200 Employee Benefits	57,105	27,990	29,115
300 Purchased Services	2,500	-	2,500
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	-	11,476	(11,476)
200 Employee Benefits	\$ -	1,994	\$ (1,994)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2008

	FINAL BUDGET	ACTUAL	VARIANCE
173 High School Summer School:			
100 Salaries	\$ 21,100	6,348	\$ 14,752
200 Employee Benefits	4,279	728	3,551
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
400 Supplies and Materials	25,000	25,000	-
188 Parenting/Family Literacy:			
100 Salaries	-	32,649	(32,649)
200 Employee Benefits	-	1,726	(1,726)
300 Purchased Services	4,500	5,112	(612)
400 Supplies and Materials	4,000	3,962	38
Total Instruction	<u>30,927,659</u>	<u>27,965,268</u>	<u>2,962,391</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	248,066	226,668	21,398
200 Employee Benefits	71,434	60,674	10,760
300 Purchased Services	8,500	677	7,823
400 Supplies and Materials	1,200	249	951
212 Guidance Services:			
100 Salaries	961,613	553,549	408,064
200 Employee Benefits	229,027	154,846	74,181
300 Purchased Services	400	400	-
400 Supplies and Materials	1,579	1,468	111
600 Other Objects	100	100	-
213 Health Services:			
100 Salaries	451,762	295,766	155,996
200 Employee Benefits	151,537	70,519	81,018
300 Purchased Services	1,500	1,687	(187)
400 Supplies and Materials	16,350	44,110	(27,760)
214 Psychological Services:			
100 Salaries	149,803	149,744	59
200 Employee Benefits	42,983	39,576	3,407
400 Supplies and Materials	700	399	301
600 Other Objects	\$ 300	170	\$ 130

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2008

	FINAL BUDGET	ACTUAL	VARIANCE
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	\$ 777,011	792,255	\$ (15,244)
150 TERI - Second Annual Leave Payout	-	4,614	(4,614)
200 Employee Benefits	201,068	185,462	15,606
300 Purchased Services	101,650	52,155	49,495
400 Supplies and Materials	241,000	136,637	104,363
600 Other Objects	4,500	2,526	1,974
222 Library and Media Services:			
100 Salaries	709,971	662,856	47,115
200 Employee Benefits	213,755	189,608	24,147
300 Purchased Services	1,467	1,357	110
400 Supplies and Materials	88,253	91,261	(3,008)
223 Supervision of Special Programs:			
100 Salaries	93,451	110,938	(17,487)
200 Employee Benefits	26,144	28,112	(1,968)
300 Purchased Services	400	40	360
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	-	6,509	(6,509)
200 Employee Benefits	5,073	1,464	3,609
300 Purchased Services	65,976	63,443	2,533
400 Supplies and Materials	2,000	1,085	915
230 General Administrative Services:			
231 Board of Education:			
300 Purchased Services	81,000	70,298	10,702
400 Supplies and Materials	4,500	3,965	535
600 Other Objects	8,500	13,589	(5,089)
232 Office of Superintendent:			
100 Salaries	242,541	248,936	(6,395)
200 Employee Benefits	565,352	491,517	73,835
300 Purchased Services	30,000	73,536	(43,536)
400 Supplies and Materials	32,000	18,499	13,501
600 Other Objects	19,500	21,557	(2,057)
233 School Administration:			
100 Salaries	2,775,439	2,595,464	179,975
200 Employee Benefits	789,553	686,322	103,231
300 Purchased Services	33,752	39,089	(5,337)
400 Supplies and Materials	58,121	57,478	643
600 Other Objects	\$ 7,442	7,321	\$ 121

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2008

	FINAL BUDGET	ACTUAL	VARIANCE
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	\$ 295,309	297,348	\$ (2,039)
200 Employee Benefits	78,589	76,409	2,180
300 Purchased Services	19,000	1,300	17,700
400 Supplies and Materials	40,000	18,034	21,966
600 Other Objects	1,000	655	345
254 Operation and Maintenance of Plant:			
100 Salaries	1,949,332	1,767,491	181,841
200 Employee Benefits	617,237	558,688	58,549
300 Purchased Services	1,953,850	1,621,229	332,621
400 Supplies and Materials	2,219,800	1,779,846	439,954
500 Capital Outlay	100,000	7,533	92,467
600 Other Objects	2,850	2,090	760
255 Student Transportation (State Mandated):			
100 Salaries	779,887	738,701	41,186
200 Employee Benefits	376,271	251,315	124,956
300 Purchased Services	143,300	63,686	79,614
400 Supplies and Materials	11,500	44,190	(32,690)
256 Food Service:			
200 Employee Benefits	-	110,502	(110,502)
258 Security:			
300 Purchased Services	90,000	97,825	(7,825)
260 Central Support Services:			
263 Information Services:			
100 Salaries	104,813	54,813	50,000
200 Employee Benefits	30,281	13,416	16,865
300 Purchased Services	4,000	3,088	912
400 Supplies and Materials	7,500	7,412	88
264 Staff Services:			
100 Salaries	193,896	167,593	26,303
200 Employee Benefits	53,947	47,446	6,501
300 Purchased Services	42,785	46,412	(3,627)
400 Supplies and Materials	19,525	19,944	(419)
600 Other Objects	1,000	328	672
266 Technology and Data Processing Services:			
100 Salaries	408,136	393,455	14,681
200 Employee Benefits	123,805	106,891	16,914
300 Purchased Services	195,000	200,774	(5,774)
400 Supplies and Materials	890,000	842,678	47,322
600 Other Objects	\$ -	158	\$ (158)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2008

	FINAL BUDGET	ACTUAL	VARIANCE
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	\$ 312,771	312,361	\$ 410
200 Employee Benefits (Optional)	62,346	55,984	6,362
300 Purchased Services (Optional)	10,000	-	10,000
400 Supplies and Materials (Optional)	191,000	36,952	154,048
Total Support Services	<u>20,845,003</u>	<u>18,005,042</u>	<u>2,839,961</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>51,802,662</u>	<u>46,000,310</u>	<u>5,802,352</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
424-710 Transfer to Capital Projects Fund	-	(8,000,000)	(8,000,000)
426-710 Transfer to Pupil Activity Fund	-	(165,600)	(165,600)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(8,165,600)</u>	<u>(8,165,600)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES	-	981,645	981,645
FUND BALANCE, Beginning of Year	<u>12,401,089</u>	<u>12,401,089</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ 12,401,089</u>	<u>13,382,734</u>	<u>\$ 981,645</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, 2008

	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>
2000 Intergovernmental Revenue:		
2100 Payments from Other Governmental Units	-	-
2300 Payments from Non-Profit Entities (for First Steps)	-	-
Total Intergovernmental Revenue	<u>-</u>	<u>-</u>
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3110 Occupational Education:		
3118 EEDA Career Specialist	-	-
3120 General Education:		
3123 MAP Testing Allocation	-	-
3126 Refurbishment of K-8 Science Kits	-	-
3127 Student Health and Fitness -PE Teachers	-	-
3128 High Schools That Work	-	-
3130 Special Programs:		
3136 Student Health and Fitness - Nurses	-	-
3150 Adult Education:		
3151 Adult Education, Basic (Includes Workforce Initiative)	-	-
3154 Young Adult Education	-	-
3161 EAA Bus Driver Salary and Fringe	-	-
3190 Miscellaneous Restricted State Grants:		
3198 School Technology Initiative (Carryover from 2004-05 Only)	-	-
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 Vocational Aid, 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
-	-	-	-	-	148,868	\$ 148,868
-	-	-	-	-	60,964	60,964
-	-	-	147,358	-	-	147,358
-	-	-	147,358	-	209,832	357,190
-	-	-	-	-	5,319	5,319
-	-	-	-	-	41,619	41,619
-	-	-	-	-	46,938	46,938
-	-	-	-	203,739	-	203,739
-	-	-	-	34,144	-	34,144
-	-	-	-	14,374	-	14,374
-	-	-	-	59,195	-	59,195
-	-	-	-	6,332	-	6,332
-	-	-	-	196,500	-	196,500
-	-	-	40,000	-	-	40,000
-	-	-	-	50,818	-	50,818
-	-	-	-	7,495	-	7,495
-	-	-	-	2,212	-	2,212
-	-	-	-	-	1,323	1,323
-	-	-	-	12,900	-	12,900
-	-	-	-	298,685	-	298,685
-	-	-	-	-	12,376	12,376
-	-	-	-	7,122	7,225	14,347
-	-	-	40,000	893,516	20,924	954,440
-	63,073	-	-	-	-	\$ 63,073

(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, 2008

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
	<u>611,079</u>	<u>1,074,873</u>
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	\$ 611,079	-
4331 Enhancing Education through Technology (E2T2), Title II (Carryover Provision)	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
4342 Teacher Incentive Fund	-	-
4351 Improving Teacher Quality (Carryover Provision)	-	-
4400 Adult Education:		
4410 Basic Adult Education	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	1,074,873
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	<u>611,079</u>	<u>1,074,873</u>
TOTAL REVENUE ALL SOURCES	<u>611,079</u>	<u>1,074,873</u>
 EXPENDITURES		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	325	-
400 Supplies and Materials	33,693	-
112 Primary Programs:		
100 Salaries	234,083	-
200 Employee Benefits	73,450	-
300 Purchased Services	5,488	-
400 Supplies and Materials	38,339	-
113 Elementary Programs:		
100 Salaries	1,968	-
200 Employee Benefits	205	-
300 Purchased Services	11,524	-
400 Supplies and Materials	36,634	9,541
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	-	-
	\$ -	-

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
-	-	-	-	-	-	\$ 611,079
-	-	-	-	-	14,880	14,880
-	-	-	-	-	17,873	17,873
-	-	-	-	-	6,087	6,087
-	-	-	-	-	176,048	176,048
-	-	-	-	-	135,415	135,415
-	-	-	-	-	6,493	1,081,366
48,284	-	-	-	-	-	48,284
-	-	14,280	-	-	-	14,280
-	-	-	-	-	59,278	59,278
-	-	-	-	-	1,500	1,500
48,284	63,073	14,280	-	-	417,574	2,229,163
48,284	63,073	14,280	187,358	893,516	695,268	3,587,731
-	-	-	-	-	1,800	1,800
-	-	-	-	-	356	356
-	-	-	-	-	-	325
-	-	-	-	-	-	33,693
-	-	-	-	-	2,500	236,583
-	-	-	-	-	496	73,946
-	-	-	-	-	-	5,488
-	-	-	-	-	-	38,339
-	-	-	-	67,920	6,325	76,213
-	-	-	-	2,230	899	3,334
-	-	-	-	3,898	-	15,422
-	-	-	-	350,441	8,751	405,367
-	-	-	-	-	52,240	52,240
-	-	-	-	-	7,038	7,038
-	-	-	-	-	1,323	1,323
-	12,500	-	-	-	29,500	42,000
-	3,900	-	-	-	819	4,719
-	21,977	-	-	-	-	21,977
-	24,696	-	-	-	15,011	\$ 39,707

(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, 2008

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	\$ -	42,790
200 Employee Benefits	-	11,762
300 Purchased Services	-	2,091
400 Supplies and Materials	-	8,187
122 Trainable Mentally Handicapped:		
100 Salaries	-	37,716
200 Employee Benefits	-	7,242
300 Purchased Services	-	495
400 Supplies and Materials	-	4,491
123 Orthopedically Handicapped:		
100 Salaries	-	1,882
200 Employee Benefits	-	75
400 Supplies and Materials	-	1,033
124 Visually Handicapped:		
100 Salaries	-	17,528
200 Employee Benefits	-	8,847
300 Purchased Services	-	21,687
400 Supplies and Materials	-	2,858
125 Hearing Handicapped:		
100 Salaries	-	59,329
200 Employee Benefits	-	15,989
300 Purchased Services	-	1,225
400 Supplies and Materials	-	965
126 Speech Handicapped:		
100 Salaries	-	39,343
200 Employee Benefits	-	11,156
300 Purchased Services	-	2,361
400 Supplies and Materials	-	4,709
127 Learning Disabilities:		
100 Salaries	22,359	15,609
200 Employee Benefits	6,612	2,737
300 Purchased Services	-	6,361
400 Supplies and Materials	-	9,088
128 Emotionally Handicapped:		
100 Salaries	383	12,415
200 Employee Benefits	75	1,668
300 Purchased Services	-	32,608
400 Supplies and Materials	-	2,604
600 Other Objects	-	200
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	30,488
200 Employee Benefits	-	9,512
300 Purchased Services	-	476
400 Supplies and Materials	\$ -	4,697

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
-	-	-	-	-	-	\$ 42,790
-	-	-	-	-	-	11,762
-	-	-	-	-	-	2,091
-	-	-	-	-	-	8,187
-	-	-	-	-	-	37,716
-	-	-	-	-	-	7,242
-	-	-	-	-	-	495
-	-	-	-	-	-	4,491
-	-	-	-	-	-	1,882
-	-	-	-	-	-	75
-	-	-	-	-	-	1,033
-	-	-	-	-	-	17,528
-	-	-	-	-	-	8,847
-	-	-	-	-	-	21,687
-	-	-	-	-	-	2,858
-	-	-	-	-	-	59,329
-	-	-	-	-	-	15,989
-	-	-	-	-	-	1,225
-	-	-	-	-	-	965
-	-	-	-	-	-	39,343
-	-	-	-	-	-	11,156
-	-	-	-	-	-	2,361
-	-	-	-	-	-	4,709
-	-	-	-	-	-	37,968
-	-	-	-	-	-	9,349
-	-	-	-	-	-	6,361
-	-	-	-	-	-	9,088
-	-	-	-	-	-	12,798
-	-	-	-	-	-	1,743
-	-	-	-	-	-	32,608
-	-	-	-	-	-	2,604
-	-	-	-	-	-	200
-	-	-	-	-	-	30,488
-	-	-	-	-	-	9,512
-	-	-	-	-	-	476
-	-	-	-	-	-	\$ 4,697

(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, 2008

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
139 Early Childhood Programs:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
140 Special Programs:		
141 Gifted and Talented - Academic:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
148 Gifted and Talented - Artistic:		
100 Salaries	32,979	-
200 Employee Benefits	13,326	-
149 Other Special Programs:		
300 Purchased Services	-	-
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	85,047
200 Employee Benefits	-	19,777
300 Purchased Services	-	3,507
400 Supplies and Materials	-	12,715
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	25,378	-
200 Employee Benefits	4,661	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
188 Parenting/Family Literacy:		
100 Salaries	2,425	-
200 Employee Benefits	479	-
300 Purchased Services	4,253	-
400 Supplies and Materials	10,430	-
Total Instruction	<u>\$ 559,069</u>	<u>562,811</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
-	-	-	-	-	13,353	\$ 13,353
-	-	-	-	-	2,035	2,035
-	-	-	-	-	7,339	7,339
-	-	-	-	-	533	533
-	-	-	-	-	6,177	6,177
-	-	-	-	-	1,048	1,048
-	-	-	-	-	-	32,979
-	-	-	-	-	-	13,326
-	-	-	-	-	6,473	6,473
29,759	-	-	-	-	75,607	190,413
8,518	-	-	-	-	22,367	50,662
-	-	-	-	-	71	3,578
-	-	-	-	-	-	12,715
-	-	-	-	-	-	25,378
-	-	-	-	-	-	4,661
-	-	-	37,335	-	39,192	76,527
-	-	-	11,277	-	7,992	19,269
-	-	-	17,280	-	21,745	39,025
-	-	-	-	-	10,196	10,196
-	-	-	33,551	-	10,303	43,854
-	-	-	8,433	-	1,644	10,077
-	-	-	-	-	4,047	4,047
-	-	-	3,323	-	7,161	10,484
-	-	-	-	-	23,956	23,956
-	-	-	-	-	1,656	1,656
-	-	-	-	-	2,091	2,091
-	-	-	982	-	5,432	6,414
-	-	-	-	-	6,277	8,702
-	-	-	-	-	1,121	1,600
-	-	-	-	-	9,887	14,140
-	-	-	-	-	1,074	11,504
38,277	63,073	-	112,181	424,489	415,835	\$ 2,175,735

(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, 2008

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
200 Support Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
300 Purchased Services	\$ -	819
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
213 Health Services:		
100 Salaries	-	109,356
200 Employee Benefits	-	30,876
300 Purchased Services	-	69,379
400 Supplies and Materials	-	5,809
214 Psychological Services:		
100 Salaries	-	55,503
200 Employee Benefits	-	14,417
300 Purchased Services	-	2,663
400 Supplies and Materials	-	4,889
215 Exceptional Program Services:		
300 Purchased Services	-	74
400 Supplies and Materials	-	2,690
600 Other Objects	-	1,566
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	700	826
222 Library and Media:		
400 Supplies and Materials	-	-
223 Supervision of Special Programs:		
100 Salaries	-	87,557
200 Employee Benefits	-	24,609
300 Purchased Services	-	2,007
400 Supplies and Materials	2,215	5,574
600 Other Objects	-	526
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	5,851
200 Employee Benefits	-	1,098
300 Purchased Services	34,198	65,253
400 Supplies and Materials	6,827	2,173
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	2,674	-
200 Employee Benefits	538	-
300 Purchased Services	4,858	-
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

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
-	-	-	-	-	1,500	\$ 2,319
-	-	-	-	165,782	-	165,782
-	-	-	-	76,040	-	76,040
-	-	2,406	-	-	-	2,406
-	-	-	-	158,417	-	267,773
-	-	-	-	-	-	30,876
-	-	-	-	-	35,236	104,615
-	-	-	-	-	-	5,809
-	-	-	-	-	-	55,503
-	-	-	-	-	-	14,417
-	-	-	-	-	-	2,663
-	-	-	-	-	-	4,889
-	-	-	-	-	-	74
-	-	-	-	-	-	2,690
-	-	-	-	-	-	1,566
-	-	-	-	-	5,420	5,420
-	-	-	-	-	1,463	1,463
-	-	5,951	-	-	-	5,951
-	-	-	-	-	-	1,526
-	-	-	-	7,140	-	7,140
7,500	-	5,000	-	-	-	100,057
2,507	-	923	-	-	-	28,039
-	-	-	1,769	50,400	-	54,176
-	-	-	366	418	-	8,573
-	-	-	-	-	-	526
-	-	-	-	1,600	9,133	16,584
-	-	-	-	314	1,211	2,623
-	-	-	-	1,123	164,717	265,291
-	-	-	-	-	18,339	27,339
-	-	-	-	-	-	2,674
-	-	-	-	-	-	538
-	-	-	-	-	-	4,858
-	-	-	1,076	-	-	1,076
-	-	-	4,028	-	-	\$ 4,028

(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, 2008

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
255 Student Transportation (State Mandated):		
100 Salaries	\$ -	1,149
200 Employee Benefits	-	231
300 Purchased Services	-	8,706
260 Central Support Services:		
266 Technology and Data Processing Services:		
400 Supplies and Materials	-	-
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
100 Salaries (Optional)	-	750
200 Employee Benefits (Optional)	-	150
300 Purchased Services (Optional)	-	7,561
Total Support Services	<u>52,010</u>	<u>512,062</u>
410 Intergovernmental Expenditures:		
414 Medicaid Payments to SDE		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>611,079</u>	<u>1,074,873</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
-	-	-	-	7,495	-	\$ 8,644
-	-	-	-	-	-	231
-	-	-	-	-	-	8,706
-	-	-	-	298	33,300	33,598
-	-	-	-	-	-	750
-	-	-	-	-	-	150
-	-	-	-	-	-	7,561
<u>10,007</u>	<u>-</u>	<u>14,280</u>	<u>7,239</u>	<u>469,027</u>	<u>270,319</u>	<u>1,334,944</u>
-	-	-	-	-	35,450	35,450
-	-	-	-	-	35,450	35,450
<u>48,284</u>	<u>63,073</u>	<u>14,280</u>	<u>119,420</u>	<u>893,516</u>	<u>721,604</u>	<u>3,546,129</u>
-	-	-	67,938	-	(26,336)	41,602
-	-	-	3,574	-	340,493	344,067
-	-	-	<u>71,512</u>	-	<u>314,157</u>	<u>\$ 385,669</u>

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2008

**OTHER DESIGNATED RESTRICTED
STATE GRANTS**

908	Refurbishment of K-8 Science Kits (No Carryover Provision)
911	School Technology Initiative (Carryover from 2004-05 Only)
920	Young Adult Education
926	EEDA 9th Grade Awareness
927	EEDA 8th Grade Awareness
928	EEDA Career Awareness
932	Compensation Remedial Bus Driver Supplement
933	School Resource Officer
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
938	High Schools That Work
939	School Library Media Centers
960	K-5 Lottery Enhancement
967	6-8 Enhancement
968	High School That Works

**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
213	Personnel Development
214	Medicaid
216	ADEPT
223	Anderson Bell South
241	Promoting Informed Parental Choice and Innovative Programs, Title V
243	Adult Education - Federal
244	Eisenhower Fund
253	Enhancing Education Through Technology (E2T2), Title II (84.318) (Carryover Provision)
264	Title III
267	Improving Teacher Quality (84.367A) (Carryover Provision)
277	ROTC
284	First Steps
801	SAT Improvement
803	Extended School Year - Federal
807	Professional Development - Gifted
830	Attendance Improvement
918	Adult Ed

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2008

SUBFUND	REVENUE CODE	PROGRAMS	REVENUES	EXPENDITURES	SPECIAL REVENUE		Special Revenue Fund Deferred
					INTERFUND TRANSFERS IN (OUT)	OTHER FUND TRANSFERS IN (OUT)	
908	3126	Refurbishment of K-8 Science Kits (No Carryover Provision)	\$ 14,374	14,374	-	-	\$ -
911	3198	School Technology Initiative (Carryover from 2004-05 Only)	2,212	2,212	-	-	-
920	3154	Young Adult Education	50,818	50,818	-	-	-
926	3116	EEDA 9th Grade Awareness	-	-	-	-	2,483
927	3117	EEDA 8th Grade Awareness	-	-	-	-	3,390
928	3118	EEDA Career Specialist	203,739	203,739	-	-	-
932	3161	EAA Bus Driver Salary	7,495	7,495	-	-	-
933	3123	MAP Testing Allocation	34,144	34,144	-	-	-
936	3136	Student Health and Fitness - Nurses	196,500	196,500	-	-	-
937	3127	Student Health and Fitness - PE Teachers	59,195	59,195	-	-	-
938	3128	High Schools That Work	6,332	6,332	-	-	9,481
939	3993	School Library Media Centers	7,122	7,122	-	-	1,628
960	3610	K-5 Enhancement	298,685	298,685	-	-	379,331
967	3607	6-8 Enhancement	12,900	12,900	-	-	-
968	3608	High Schools That Work	-	-	-	-	3,060
Totals			\$ 893,516	893,516	-	-	\$ 399,373

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2008

REVENUES	ACTUAL
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3501 Increase High School Diploma Requirements	\$ 191,317
3505 School Technology Initiative	5,890
3513 Parenting/Family Literacy	46,141
3515 Advanced Placement Courses	1,650
3520 Gifted and Talented - Academic	337,164
3522 Gifted and Talented - Artistic	36,352
3523 Junior Scholars Program	730
3525 Career and Technology Education Equipment	91,556
3527 Critical Teaching Needs	3,660
3530 Trainable & Profoundly Mentally Disabled Student Services	30,293
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	577,344
3533 Teacher of the Year Awards	1,077
3534 Professional Development on Standards	44,524
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	120,050
3542 Preschool Programs for Children with Disabilities	24,400
3546 Academic Assistance K-3	283,667
3548 Academic Assistance 4-12	216,362
3549 Academic Assistance Reading Recovery	41,100
3550 Teacher Salary Increase (No Carryover Provision)	850,874
3562 Adult Education, Basic (Includes Rural and Workforce Initiative)	152,369
3564 Adult Education, Young Adult Initiative	38,660
3575 Competitive Teacher Grants	3,604
3577 Teacher Supplies (No Carryover Provision)	120,450
3578 High Schools That Work	20,922
3582 Principal Salary/Fringe Increase (No Carryover Provision)	24,618
3583 EAA Summer School/Comprehensive Remediation	360,240
3588 EAA Palmetto Gold and Silver Awards	13,731
3590 Reallocation of EIA Funds (School Building)	306,576
3591 Excellence In Middle Schools	20,500
3592 School-to-Work Transition Act	19,016
3596 EAA Alternative Schools Program	103,808
3599 Other EIA	7,500
Total Revenue from State Sources	<u>4,096,145</u>
TOTAL REVENUE ALL SOURCES	\$ <u>4,096,145</u>

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2008

	<u>ACTUAL</u>
EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	\$ 159,604
200 Employee Benefits	31,405
400 Supplies and Materials	3,604
112 Primary Programs:	
100 Salaries	543,521
200 Employee Benefits	129,709
300 Purchased Services	2,599
400 Supplies and Materials	66,519
600 Other Objects	411
113 Elementary Programs:	
100 Salaries	616,083
200 Employee Benefits	111,045
300 Purchased Services	3,000
400 Supplies and Materials	39,859
114 High School Programs:	
100 Salaries	474,241
200 Employee Benefits	90,084
300 Purchased Services	4,065
400 Supplies and Materials	43,772
115 Career and Technology Education Program:	
100 Salaries	59,499
200 Employee Benefits	7,632
400 Supplies and Materials	29,763
500 Capital Outlay	47,999
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	7,824
200 Employee Benefits	1,407
122 Trainable Mentally Handicapped:	
100 Salaries	35,610
200 Employee Benefits	959
123 Orthopedically Handicapped:	
100 Salaries	54
200 Employee Benefits	11
124 Visually Handicapped:	
100 Salaries	2,167
200 Employee Benefits	\$ 393

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2008

	<u>ACTUAL</u>
125 Hearing Handicapped:	
100 Salaries	\$ 1,406
200 Employee Benefits	240
126 Speech Handicapped:	
100 Salaries	9,733
200 Employee Benefits	1,769
127 Learning Disabilities:	
100 Salaries	82,480
200 Employee Benefits	7,535
128 Emotionally Handicapped:	
100 Salaries	7,812
200 Employee Benefits	1,399
130 Pre-School Programs:	
133 Preschool Handicapped Self-Contained (5-Yr. Olds):	
100 Salaries	213
200 Employee Benefits	40
137 Preschool Hanicapped Self Contained (3 & 4 Yr. Olds):	
100 Salaries	26,642
200 Employee Benefits	396
139 Early Childhood Programs:	
100 Salaries	97,967
200 Employee Benefits	28,334
400 Supplies and Materials	13,468
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	291,434
200 Employee Benefits	67,156
300 Purchased Services	23,931
143 Advanced Placement:	
400 Supplies and Materials	1,650
160 Other Exceptional Programs:	
161 Autism:	
100 Salaries	2,160
200 Employee Benefits	394
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	6,050
300 Purchased Services	\$ 560

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2008

	<u>ACTUAL</u>
182 Adult Secondary Education Programs:	
100 Salaries	\$ 33,891
200 Employee Benefits	3,858
300 Purchased Services	940
188 Parenting/Family Literacy:	
100 Salaries	31,416
200 Employee Benefits	14,725
Total Instruction	<u>3,270,438</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	75,749
200 Employee Benefits	10,613
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	31,743
200 Employee Benefits	6,176
222 Library and Media:	
100 Salaries	7,054
200 Employee Benefits	1,274
223 Supervision of Special Programs:	
100 Salaries	193,011
200 Employee Benefits	53,894
300 Purchased Services	29,022
400 Supplies and Materials	10,609
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	40,431
200 Employee Benefits	6,839
300 Purchased Services	10,427
400 Supplies and Materials	3,877
230 General Administration Services:	
233 School Administration:	
100 Salaries	20,515
200 Employee Benefits	\$ 4,103

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2008

	<u>ACTUAL</u>
250 Finance and Operations Services:	
253 Facilities Acquisition and Construction:	
500 Capital Outlay:	
540 Equipment	\$ 13,794
Total Support Services	<u>519,131</u>
 TOTAL EXPENDITURES	 <u>3,789,569</u>
 OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5230 Transfer from Special Revenue EIA Fund	360,240
422-710 Transfer to EIA Fund	(360,240)
423-710 Transfer to Debt Service Fund	(153,288)
424-710 Transfer to Capital Projects Fund	(153,288)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(306,576)</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, 2008

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	\$ 191,317	191,317	-	-	\$ -
3505 School Technology Initiative	5,890	5,890	-	-	57,258
3509 Arts in Education	-	-	-	-	1,920
3513 Parenting/Family Literacy (Carryover from 2004-05 Only)	46,141	46,141	-	-	-
3515 Advanced Placement Courses	1,650	1,650	-	-	-
3520 Gifted and Talented - Academic	337,164	337,164	-	-	-
3522 Gifted and Talented - Artistic	36,352	36,352	-	-	-
3523 Junior Scholars Programs	730	730	-	-	-
3525 Career and Technology Education Equipment	91,556	91,556	-	-	-
3527 Critical Teaching Needs	3,660	3,660	-	-	602
3530 Trainable & Profoundly Mentally Disabled Student Services	30,293	30,293	-	-	-
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	577,344	577,344	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3534 Professional Development on Standard	52,024	52,024	-	-	39,439
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	120,050	120,050	-	-	-
3542 Preschool Programs for Children with Disabilities	24,400	24,400	-	-	-
3546 Academic Assistance K-3 (No Carryover Provision)	283,667	461,707	178,040	-	-
3548 Academic Assistance 4-12 (No Carryover Provision)	216,362	216,362	-	-	-
3549 Academic Assistance Reading Recovery	41,100	41,100	-	-	-
3550 Teacher Salary Increase (No Carryover Provision)	850,874	850,874	-	-	-
3553 Adult Education - Remedial	-	-	-	-	31,788
3562 Adult Education, (Includes Rural and Workforce Initiative)	152,369	152,369	-	-	84,739
3564 Adult Education, Young Adult Initiative	38,660	38,660	-	-	29,710
3575 Competitive Teacher Grants	3,604	3,604	-	-	1,174
3577 Teacher Supplies (No Carryover Provision)	120,450	120,450	-	-	-
3578 High Schools That Work	4,633	4,633	-	-	6,913
3582 Principal Salary/Fringe Increase (No Carryover Provision)	24,618	24,618	-	-	-
3583 EAA Summer School/Comprehensive Remediation	360,240	-	(360,240)	-	-
3588 EAA Palmetto Gold and Silver Awards	30,020	30,020	-	-	24,722
3590 School Building Aid	306,576	-	-	(306,576)	-
3591 Excellence In Middle Schools	20,500	20,500	-	-	-
3592 School-to-Work Transition Act	19,016	19,016	-	-	-
3593 EAA Reduce Class Size Grades 1 - 3	-	-	-	-	138,695
3596 EAA Alternative Schools Program	103,808	286,008	182,200	-	-
Totals	\$ 4,096,145	3,789,569	-	(306,576)	\$ 416,960

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

YEAR ENDED JUNE 30, 2008

<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, 2008

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 9,497,152
1140 Penalties & Interest on Taxes (Independent)	202,869
1500 Earnings on Investments:	
1510 Interest on Investments	169,237
Total Revenue from Local Sources	<u>9,869,258</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption (Tier 2)	138,180
3830 Merchant's Inventory Tax	4,111
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	16,384
Total Revenue from State Sources	<u>158,675</u>
TOTAL REVENUE ALL SOURCES	<u>10,027,933</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	3,700,000
620 Interest	2,230,760
690 Other Objects (Includes Fees for Servicing Bonds)	2,120
Total Debt Service	<u>5,932,880</u>
TOTAL EXPENDITURES	<u>5,932,880</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5230 Transfer from Special Revenue EIA Fund	153,288
424-710 Transfer to Capital Projects Fund (See Note III.D. of the notes to the basic financial statements)	(2,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,846,712)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	2,248,341
FUND BALANCE, Beginning of Year	<u>3,714,726</u>
FUND BALANCE, End of Year	<u>\$ 5,963,067</u>

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,070,595
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	35,000
Total Revenue from Local Sources	<u>2,105,595</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3170 State School Building Fund	26,400
3172 Children's Education Endowment (Barnwell Facilities Fund)	358,374
Total Revenue from State Sources	<u>384,774</u>
TOTAL REVENUE ALL SOURCES	<u>2,490,369</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	18,763,900
400 Supplies and Materials	1,623,443
500 Capital Outlay:	
510 Land	386,296
545 Technology, Equipment and Software	25,038
Total Finance and Operations	<u>20,798,677</u>
500 Debt Service:	
690 Other Objects	167,676
Total Debt Service	<u>167,676</u>
TOTAL EXPENDITURES	<u>20,966,353</u>
OTHER FINANCING SOURCES (USES)	
5110 Premium on Bonds Sold	2,359,424
5120 Proceeds of General Obligation Bonds	58,500,000
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Exclude Indirect Costs)	8,000,000
5230 Transfer from Special Revenue EIA Fund	153,288
5240 Transfer from Debt Service Fund (See Note III.D. of the notes to the basic financial statements)	2,000,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>71,012,712</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	52,536,728
FUND BALANCE, Beginning of Year	<u>7,851,985</u>
FUND BALANCE, End of Year	<u>\$ 60,388,713</u>

FOOD SERVICE FUND

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

YEAR ENDED JUNE 30, 2008

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,158
1600 Food Service:	
1610 Lunch Sales to Pupils	769,807
1620 Breakfast Sales to Pupils	37,811
1630 Special Sales to Pupils	409,495
1640 Lunch Sales to Adults	40,641
1650 Breakfast Sales to Adults	1,187
1660 Special Sales to Adults	26,311
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	55,026
Total Revenue from Local Sources	<u>1,342,436</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	3,061
3900 Other State Sources:	
3999 Revenue from Other State Sources	321
Total Revenue from State Sources	<u>3,382</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	715,347
4830 School Breakfast Program	168,239
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	135,628
Total Revenue from Federal Sources	<u>1,019,214</u>
TOTAL REVENUE ALL SOURCES	<u>2,365,032</u>
EXPENSES	
256 Food Service:	
100 Salaries	804,153
200 Employee Benefits	119,197
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	53,700
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,358,206
500 Capital Outlay	22,721
600 Other Objects	4,264
Total Food Services Expenses	<u>2,362,241</u>
TOTAL EXPENSES	<u>2,362,241</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	2,791
FUND NET ASSETS, Beginning of Year	<u>824,057</u>
FUND NET ASSETS, End of Year	<u>\$ 826,848</u>

PUPIL ACTIVITY FUND

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

YEAR ENDED JUNE 30, 2008

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 7,698
1700 Pupil Activities:	
1710 Admissions	154,945
1720 Bookstore Sales	17,765
1740 Student Fees	271,526
1790 Other	716,055
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	1,100
1990 Miscellaneous Local Revenue	197
1999 Revenue from Other Local Sources	37
Total Receipts from Local Sources	<u>1,169,323</u>
TOTAL RECEIPTS ALL SOURCES	<u>1,169,323</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
100 Salaries (Optional)	1,907
200 Employee Benefits (Optional)	370
400 Supplies and Materials (Optional)	59,966
500 Capital Outlay (Optional)	350
660 Pupil Activity	33,239
Total Instruction	<u>95,832</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries (Optional)	57,113
200 Employee Benefits (Optional)	4,839
300 Purchased Services (Optional)	32,801
400 Supplies and Materials (Optional)	36,497
500 Capital Outlay (Optional)	13
660 Pupil Activity	1,111,017
Total Pupil Activity Expenditures	<u>1,242,280</u>
TOTAL DISBURSEMENTS	<u>1,338,112</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	165,600
TOTAL OTHER FINANCING SOURCES (USES)	<u>165,600</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES	(3,189)
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>354,488</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 351,299</u>

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

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2008

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
10	Clover High School	High School	School	\$ 13,900,664
11	Bethany Elementary	Elementary School	School	3,857,864
12	Bethel Elementary	Elementary School	School	3,899,611
13	Clover Middle	Middle School	School	4,408,586
14	Kinard Elementary	Elementary School	School	4,143,382
15	Clover Jr. High	Middle School	School	6,713,354
16	Crowders Creek Middle	Middle School	School	3,423,148
17	New School Construction	Elementary School	School	13,389,818
18	New Elementary School	Elementary School	School	4,152,414
47	Griggs Road	Elementary School	School	4,345,614
51	Crowders Creek	Middle School	School	4,977,449
All Others	Clover School District	Non-Schools	Central	16,723,690
				\$ 83,935,594

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

Fund	Amount
General Fund	\$ 46,000,310
Special Revenue Fund	3,546,129
Special Revenue - EIA Fund	3,789,569
Special Revenue - Food Service Fund	2,362,241
Debt Service Fund	5,932,880
Capital Projects Fund	20,966,353
Pupil Activity Fund	1,338,112
	\$ 83,935,594

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

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	Food Distribution	10.550	N/A	\$ 135,628
600	National School Breakfast Program	10.553	N/A	168,239
600	National School Lunch Program	10.555	N/A	715,347
Total US Department of Agriculture				1,019,214
US Department of Education				
Pass-through State Department of Education:				
201	Title I	84.010	08-BA090	611,079
Individuals with Disabilities Education Act				
242	Special Education - Grants to States	84.027	08-CA090	1,074,873
213	Personnel Development	84.027A	08-CR090	6,493
		Total 84.027		1,081,366
240	Special Education--Preschool Grants	84.173	08-CG090	48,284
209	Safe and Drug Free Schools and Communities	84.186	08-FQ090	14,280
243	Adult Education - Basic	84.002	08-EK090	135,415
253	Title II - Ed Tech	84.318	08-ET090	14,880
207	Occupational Education (subprogram 16)	84.048	08-VA090	63,073
241	Title VI Class Size Reduction	84.298A	08-BB090	6,087
264	Title III- English Language Acquisition	84.365A	08-BP090	17,873
267	Title II - Improving Teacher Quality	84.367A	08-TQ090	176,048
Total US Department of Education				475,940
US Department of Defense				
Direct Programs:				
271	JROTC	12.000	N/A	59,278
Total US Department of Defense				59,278
US Department of Justice				
Direct Programs:				
822	Attendance Improvement Project	16.541	08-FC089	1,500
Total US Department of Justice				1,500
TOTAL FEDERAL ASSISTANCE EXPENDED				\$ 3,248,377

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, 2008

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, 2008. 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.

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**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, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 5, 2008. 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 5, 2008.

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 5, 2008

**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, 2008. 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, 2008.

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 5, 2008

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2008

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, 2008

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
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.550	USDA-Food Distribution
10.553	USDA-National School Breakfast Program
10.555	USDA-National School Lunch Program
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs:	_____ \$300,000 _____
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Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes _____ No
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Section II - Findings - Current Year Financial Statements Audit

NONE

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

NONE