

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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2005**



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

**PRINCIPAL OFFICIALS**

**YEAR ENDED JUNE 30, 2005**

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**Board of Trustees**

**Jeff Siegrist, Chairperson  
Joe Gordon, Vice-Chairperson  
Windy Bartee, Secretary  
Steve Brown, Clover LEAF Representative  
Franklin Pendleton, Legislative Liaison  
Bob Magee  
Frank Falls**

**Superintendent**

**Dr. Vickie Phelps**

**Chief Finance and Operations Officer**

**Kenneth Love**



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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2005**

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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, 2005. 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 2005 are as follows:

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by approximately \$43.4 million. Of this amount, approximately \$15.4 million may be used to meet the School District's ongoing obligations to citizens and creditors.
- The School District's total net assets increased by approximately \$8.8 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 financial statements. These amounts are partially offset by depreciation and changes in other asset and liability accounts which are considered expenses in the government-wide financial statements.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$19.9 million, an increase of \$6.6 million from the prior year restated ending fund balance, which is primarily attributable to expenditures related to various construction projects within the Capital Projects Fund. Approximately 58% of the total amount, or approximately \$11.6 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 \$11.6 million, which was approximately 26% of total governmental fund expenditures, excluding the Debt and Food Service fund.
- The School District's total net capital assets increased by approximately \$1.1 million (2%) during the current fiscal year. The key factors in this increase were the School District's expenditures for land acquisition and the construction of additions at Clover High School. These increases were partially offset by depreciation of approximately \$1.5 million.
- The School District's total debt decreased by approximately \$1.0 million (3%) during the current fiscal year. The key factor in this decrease was the fact the school district repaid debt in excess of new borrowing.
- During the 2005 fiscal year, the School District's governmental fund type revenues were approximately \$55.8 million compared to \$51.0 million in the prior year. This increase of approximately 9% 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.
- The School District had approximately \$47.2 million in expenses related to governmental activities; \$16.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of approximately \$39.7 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 the basic financial statements, management's discussion and analysis, and the combining and individual fund schedules for governmental funds), and the *Compliance Section*.

**Government-wide 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 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, 2005**

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**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 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 financial statements can be found on pages 12 – 13 of this report.

**Fund 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 statements.

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The School District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, Special Revenue - 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 on pages 14 – 20 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 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 on page 21 of this report.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2005**

**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 financial statements. The notes to the basic financial statements can be found on pages 22 – 36 of this report.

**Other information.** The combining and individual fund schedules referred to earlier can be found beginning on page 38 of this report.

The School District has a legally adopted budget only for its General Fund. A budgetary comparison schedule has been provided as a required supplementary schedule for this fund to demonstrate compliance with its budget. This schedule can be found on page 37 of this report.

Figure A-1 Major Features of the School District's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund 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 proprietary or 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"> <li>▪ Statement of net assets</li> <li>▪ Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Balance sheet</li> <li>▪ Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>▪ Statement of fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of 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, 2005**

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

**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 almost \$43.4 million at the close of the most recent fiscal year.

Table 1 provides a summary of the School District's net assets for 2005 and 2004:

**Table 1**  
Net Assets

	Governmental Activities	
	2005	Restated 2004*
<b>Assets</b>		
Current and Other Assets	\$ 25,607,022	\$ 19,405,066
Capital Assets	53,978,403	52,881,485
Total Assets	<u>79,585,425</u>	<u>72,286,551</u>
<b>Liabilities</b>		
Other Liabilities	4,727,258	5,292,012
Long-Term Liabilities	31,500,000	32,474,523
Total Liabilities	<u>36,227,258</u>	<u>37,766,535</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	24,983,784	21,864,414
Restricted	2,933,549	2,384,074
Unrestricted	15,440,834	10,271,528
Total Net Assets	<u>\$ 43,358,167</u>	<u>\$ 34,520,016</u>

\*Certain amounts have been restated. See notes to the basic financial statements for more information.

The School District's government-wide net assets increased by approximately \$8.8 million or approximately 26% (\$43.4 million compared to \$34.5 million) in 2005. Most of this increase in total net assets is due to the School District's desire to build funds in anticipation of future building projects and the expenditures for capital assets and bond payments which are not considered expenses in the government-wide financial statements. These amounts are partially offset by depreciation and changes in other asset and liability accounts which are considered expenses in the government-wide financial statements.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, were approximately \$15.4 million at June 30, 2005.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2005**

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

**Government-wide Financial Analysis (Continued)**

Table 2 shows the changes in net assets for fiscal year 2005 and 2004.

**Table 2**  
Changes in Net Assets

	Governmental Activities	
	2005	2004
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 1,955,389	\$ 962,829
Operating Grants	14,354,921	12,431,445
General Revenue:		
Property Taxes	39,072,989	37,060,722
Other	629,480	517,288
Total Revenues	<u>56,012,779</u>	<u>50,972,284</u>
<b>Program Expenses</b>		
Instruction	27,517,790	26,760,107
Support Services	18,141,971	15,807,810
Intergovernmental	12,084	7,940
Interest and Fiscal Charges	1,502,783	1,659,461
Loss on Disposal of Capital Assets	-	12,113
Total Program Expenses	<u>47,174,628</u>	<u>44,247,431</u>
Change in Net Assets	<u>8,838,151</u>	<u>6,724,853</u>
Net Assets, Beginning of Year	34,520,016	26,703,523
Prior Period Adjustments *	-	1,091,640
Net Assets, Beginning of Year - Restated	<u>34,520,016</u>	<u>27,795,163</u>
Net Assets, End of Year	<u>\$ 43,358,167</u>	<u>\$ 34,520,016</u>

\*Certain amounts have been restated. See notes to the basic financial statements for more information.

**Governmental Activities.** Governmental activities increased the School District's net assets from 2004 to 2005 by approximately 26%. Key elements of this increase are as follows:

- Expenditures for capital assets, construction projects and bond payments (which 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**

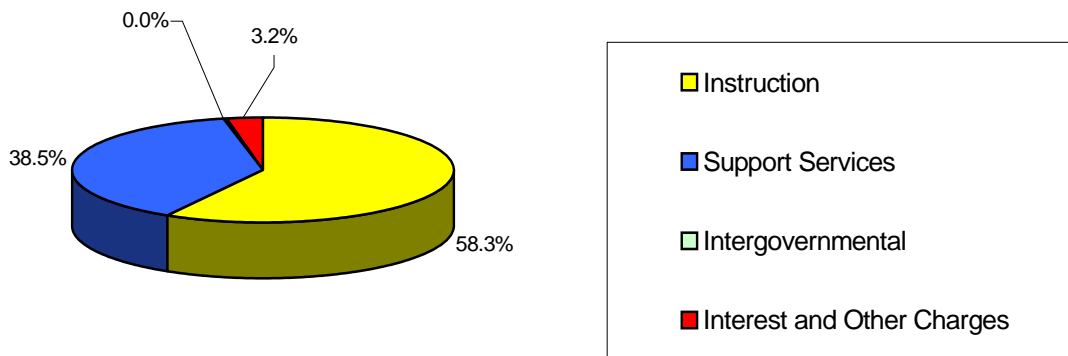
**YEAR ENDED JUNE 30, 2005**

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

**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 analyses of governmental funds serve 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, 2005, the School District's governmental funds reported a combined fund balance of \$19.9 million, as compared to \$13.3 for the restated prior year. The significant difference is due primarily to the School District's desire to build funds for future construction projects. In particular, unreserved 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, 2005, the School District's unreserved, undesignated fund balance for all governmental funds was \$11.6 million. The remaining \$8.3 million is primarily reserved or designated for special revenue, capital projects, debt service, and food service.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2005**

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

**Governmental Funds (Continued)**

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 \$11.6 million, while was also the total fund balance.

The School District's General Fund balance increased by approximately \$2,336,000 (25%) during fiscal year 2005. The primary reasons for this increase was higher than expected tax collections and student body size increases which resulted in greater state funding.

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 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. This fund reflected a decrease in fund balance of approximately \$56,000 which was primarily due to higher food costs and capital improvements.

The Debt Service Fund is shown in the accompanying financial statements of the School District. The fund is used to account for debt retirement. The School District's Debt Service Fund balance increased by approximately \$421,000 from the prior year's balance primarily due to increased tax assessment and collections. The fiscal year ended 2005 fund balance was approximately \$2,297,000 which is reserved for the payment of debt service.

The Capital Projects Fund is utilized to account for the School District's capital project transactions. The School District's Capital Projects Fund increased by approximately \$3,750,000 in 2005 to approximately \$5,183,000 for the fiscal year ended June 30, 2005. The increase was primarily a result of a \$2,700,000 General Fund transfer for future designated construction projects.

**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 most significant budgeted fund is the General Fund. During the course of the fiscal year 2005, no substantial amendments to the School District's General Fund revenue or expense budgets were made. Key highlights are as follows:

- The School District designated \$2,700,000 for the construction of new schools and replacement of outdated library books.
- For the first time since fiscal year ended June 30, 2001, there were no significant state revenue shortfalls.
- The School District's assessment was higher than anticipated at budget time.
- Student body growth.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2005**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At the end of 2005, the School District's investment in capital assets was approximately \$54.0 million, net of accumulated depreciation.

The total increase in the School District's investment in net capital assets was approximately \$1.1 million, or approximately 2%. Major capital asset events during the current fiscal year included:

- The purchase of 105 acres of land for the purpose of future construction of new schools.

Table 3 shows fiscal 2005 and 2004 capital asset balances:

**Table 3**  
Capital Assets at June 30  
(Net of Depreciation)

	Governmental Activities	
	2005	2004
Land	\$ 4,204,652	\$ 2,312,730
Building and Improvements	64,444,105	64,070,067
Machinery and Equipment	2,435,388	2,123,175
Less: Accumulated Depreciation	(17,105,742)	(15,624,487)
Totals	<u>\$ 53,978,403</u>	<u>\$ 52,881,485</u>

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

*Debt Administration*

As shown in Table 4, the School District had outstanding debt of approximately \$31.5 million and \$32.5 million as of June 30, 2005 and 2004, respectively. The School District made principal payments on debt in 2005 of \$4.5 million and interest payments of approximately \$1.5 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 Bonded Indebtedness.

**Table 4**  
Long-Term Debt (Excluding Premium)

Long-Term Debt	Governmental Activities	
	June 30, 2005	June 30, 2004
1998 Series General Obligation Bonds *	\$ 3,600,000	\$ 4,800,000
1999 Series General Obligation Bonds *	19,400,000	20,100,000
2001 Series General Obligation Bonds	4,000,000	5,000,000
2003 Series General Obligation Bonds, Series A	-	1,900,000
2003 Series General Obligation Bonds, Series B	-	665,000
2004 Series General Obligation Bonds	4,500,000	-
	<u>\$ 31,500,000</u>	<u>\$ 32,465,000</u>

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



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**YEAR ENDED JUNE 30, 2005**

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

*Debt Administration (Continued)*

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, 2005, was approximately \$18.4 million of which the School District had debt of \$8,500,000 outstanding against this limit.

More detailed information about the School District's debt and other long-term liabilities 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 eight schools and has a total enrollment of approximately 5,500. 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 \$4 billion. The combined number of employees for the Catawba Nuclear Station and Duke Power Company is approximately 2,441. Unit 1 was placed in commercial operation in June, 1985 and was in the School District's tax base for tax year 1986-87. Commercial operation of Unit 2 commenced in August, 1987, and was in the School District's tax base for tax year 1987-88. Ownership of the Catawba Nuclear Station is comprised of North Carolina Municipal Power Agency (39.2%), North Carolina Electric Membership Association (29.3%), Piedmont Municipal Power Agency (13.0%), Saluda River Electric Cooperative (10.4%) and Duke Power (8.10%). 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 60% of the School District's property tax assessment. The depreciation of the plant is the primary cause of the School District's declining tax base (238,136,395 in 2001 to 230,357,354 in 2005). The School District has historically collected 97.5% of the taxes levied.

**FY 06 BUDGETS**

Many factors were considered by the School District's administration during the process of developing the fiscal year 2005-2006 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. No new programs were added to the FY06 budget. Salary increases for employees range from 2.0% to 3.55% for budget year 2005-2006. 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, 2005**

	<b>PRIMARY GOVERNMENT</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 9,656,040
Cash and Investments Held by County Treasurer	12,934,433
Property Taxes Receivable, Net	1,529,936
Accounts Receivable, Net	20,025
Due from Other Governments	1,407,950
Inventory and Prepaid Items	36,004
Bond Issuance Costs, Net	22,634
Capital Assets:	
Non-Depreciable	4,204,652
Depreciable, Net	49,773,751
<b>TOTAL ASSETS</b>	<b>79,585,425</b>
<b>LIABILITIES</b>	
Payable to Bank	97,767
Accounts Payable	937,934
Accrued Salaries, Fringe & Benefits	2,487,552
Accrued Interest Payable	453,026
Due to Other Governments	5,112
Deferred Revenue	745,867
Non-Current Liabilities:	
Due Within One Year	5,500,000
Due in More than One Year	26,000,000
<b>TOTAL LIABILITIES</b>	<b>36,227,258</b>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	24,983,784
Restricted For:	
Debt Service	2,112,915
Special Revenue	172,641
Food Service	647,993
Unrestricted	15,440,834
<b>TOTAL NET ASSETS</b>	<b>\$ 43,358,167</b>

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, 2005

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET REVENUE (EXPENSE) AND CHANGE IN NET ASSETS
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
<b>PRIMARY GOVERNMENT:</b>					
Governmental Activities:					
Instruction	\$ 27,517,790	4,035	10,801,270	-	\$ (16,712,485)
Support Services	18,141,971	1,951,354	3,553,651	-	(12,636,966)
Intergovernmental	12,084	-	-	-	(12,084)
Interest and Other Charges	1,502,783	-	-	-	(1,502,783)
Total Governmental Activities	<u>47,174,628</u>	<u>1,955,389</u>	<u>14,354,921</u>	<u>-</u>	<u>(30,864,318)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 47,174,628</b>	<b>1,955,389</b>	<b>14,354,921</b>	<b>-</b>	<b>(30,864,318)</b>
<b>GENERAL REVENUES</b>					
General Revenues:					
Property Taxes Levied for General Purposes					29,438,093
Property Taxes Levied for Debt Service					7,251,929
Other Taxes					2,382,967
Investment Earnings					434,144
Miscellaneous					195,336
Total General Revenues					<u>39,702,469</u>
<b>CHANGE IN NET ASSETS</b>					<b>8,838,151</b>
NET ASSETS - Beginning of Year					33,428,376
PRIOR PERIOD ADJUSTMENTS					1,091,640
FUND BALANCE, Beginning of Year, Restated					<u>34,520,016</u>
<b>NET ASSETS - Ending of Year</b>					<b>\$ 43,358,167</b>

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, 2005**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 9,648,236	-
Cash and Investments Held by County Treasurer	5,852,398	-
Receivables, Net:		
Taxes	1,226,639	-
Accounts	-	20,025
Due From:		
State Agencies	57,351	-
Federal Agencies	-	901,567
Other Funds	375,740	60,705
Inventories	-	-
<b>TOTAL ASSETS</b>	<b>17,160,364</b>	<b>982,297</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES:</b>		
Payable to Bank	97,767	-
Accounts Payable	590,874	21,965
Accrued Salaries, Fringe & Benefits	2,192,522	-
Due To:		
State Agencies	-	5,112
Other Funds	1,574,371	60,784
Deferred Revenue	1,111,572	721,795
<b>TOTAL LIABILITIES</b>	<b>5,567,106</b>	<b>809,656</b>
<b>FUND BALANCES:</b>		
Fund Balances		
Reserved for:		
Inventories	-	-
Debt Service	-	-
Capital Projects	-	-
Special Revenue	-	172,641
Food Service	-	-
Unreserved:		
Designated for Capital Projects	-	-
Undesignated	11,593,258	-
<b>TOTAL FUND BALANCES</b>	<b>11,593,258</b>	<b>172,641</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 17,160,364</b>	<b>982,297</b>

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

<b>SPECIAL REVENUE - EIA</b>	<b>SPECIAL REVENUE - FOOD SERVICE</b>	<b>DEBT SERVICE</b>	<b>CAPITAL PROJECTS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
-	7,804	-	-	\$ 9,656,040
-	-	2,306,533	4,775,502	12,934,433
-	-	303,297	-	1,529,936
-	-	-	-	20,025
389,148	-	-	-	446,499
-	59,882	-	-	961,449
-	580,307	-	2,743,889	3,760,641
-	36,004	-	-	36,004
<b>389,148</b>	<b>683,997</b>	<b>2,609,830</b>	<b>7,519,391</b>	<b>29,345,027</b>
-	-	-	-	97,767
-	-	-	325,095	937,934
-	-	-	-	2,192,522
-	-	-	-	5,112
365,076	-	43,889	2,011,549	4,055,669
24,072	-	268,752	-	2,126,191
<b>389,148</b>	<b>-</b>	<b>312,641</b>	<b>2,336,644</b>	<b>9,415,195</b>
-	36,004	-	-	36,004
-	-	2,297,189	-	2,297,189
-	-	-	2,482,747	2,482,747
-	-	-	-	172,641
-	647,993	-	-	647,993
-	-	-	2,700,000	2,700,000
-	-	-	-	11,593,258
-	<b>683,997</b>	<b>2,297,189</b>	<b>5,182,747</b>	<b>19,929,832</b>
<b>389,148</b>	<b>683,997</b>	<b>2,609,830</b>	<b>7,519,391</b>	<b>\$ 29,345,027</b>

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

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

**JUNE 30, 2005**

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**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 19,929,832**

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

Property taxes and other revenues that will be collected in the future, but are not available soon enough to pay for the current year's expenditures are therefore deferred in the funds.	1,380,324
Bond issuance costs are amortized over the lives of the bonds; however, in the governmental funds, bond issuance costs are expenditures the year they are incurred. The bond issuance costs of \$25,103 is shown net of accumulated amortization expense of \$2,469.	22,634
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of these capital assets was \$71,084,145 and the accumulated depreciation was \$17,105,742.	53,978,403
Interest is recorded as an expenditure when it is due and payable in the governmental funds. Interest is recorded in the government-wide statements as it accrues regardless of when it is due and payable. This is the amount of interest that is accrued but unpaid at year end.	(453,026)
Long-term liabilities, including bonds payable, are not due and payable in the current year and therefore are not reported as liabilities in the funds. This is the amount of long-term liabilities at year end.	(31,500,000)
<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 43,358,167</b>

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, 2005**

	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>
<b>REVENUES</b>		
Local Sources:		
Taxes	\$ 29,340,845	-
Investment Earnings	293,411	-
Other Local Sources	154,934	275,365
State Sources	9,620,713	1,022,286
Federal Sources	-	1,677,434
Intergovernmental Revenue	-	-
<b>TOTAL REVENUE ALL SOURCES</b>	<b>39,409,903</b>	<b>2,975,085</b>
<b>EXPENDITURES</b>		
Current:		
Instruction	20,948,558	1,907,476
Support Services	13,414,498	885,700
Intergovernmental	11,250	834
Capital Outlay	4,148	8,434
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	39,832	-
<b>TOTAL EXPENDITURES</b>	<b>34,418,286</b>	<b>2,802,444</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,991,617</b>	<b>172,641</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of General Obligation Bonds	-	-
Transfers In	44,437	-
Transfers Out	(2,700,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,655,563)</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>2,336,054</b>	<b>172,641</b>
FUND BALANCE, Beginning of Year	9,069,960	-
PRIOR PERIOD ADJUSTMENTS	187,244	-
FUND BALANCE, Beginning of Year, Restated	9,257,204	-
<b>FUND BALANCE, End of Year</b>	<b>\$ 11,593,258</b>	<b>172,641</b>

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



<b>SPECIAL REVENUE - EIA</b>	<b>SPECIAL REVENUE FUND - FOOD SERVICE</b>	<b>DEBT SERVICE</b>	<b>CAPITAL PROJECTS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
-	-	7,227,231	-	\$ 36,568,076
-	-	46,434	94,299	434,144
-	1,059,098	-	-	1,489,397
-	-	105,513	-	10,748,512
-	885,965	-	-	2,563,399
4,036,577	6,291	-	-	4,042,868
<b>4,036,577</b>	<b>1,951,354</b>	<b>7,379,178</b>	<b>94,299</b>	<b>55,846,396</b>
3,752,266	-	-	-	26,608,300
284,311	1,904,312	-	209,147	16,697,968
-	-	-	-	12,084
-	103,075	-	3,334,754	3,450,411
-	-	5,465,000	-	5,465,000
-	-	1,493,592	-	1,533,424
4,036,577	2,007,387	6,958,592	3,543,901	53,767,187
-	<b>(56,033)</b>	<b>420,586</b>	<b>(3,449,602)</b>	<b>2,079,209</b>
-	-	-	4,500,000	4,500,000
-	-	-	2,700,000	2,744,437
-	-	-	-	(2,700,000)
-	-	-	7,200,000	4,544,437
-	<b>(56,033)</b>	<b>420,586</b>	<b>3,750,398</b>	<b>6,623,646</b>
-	740,030	1,823,558	1,432,349	13,065,897
-	-	53,045	-	240,289
-	740,030	1,876,603	1,432,349	13,306,186
-	<b>683,997</b>	<b>2,297,189</b>	<b>5,182,747</b>	<b>\$ 19,929,832</b>

**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, 2005**

<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 6,623,646</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Activities.	5,465,000
Bond and capital lease proceeds 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	(4,500,000)
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.	121,946
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.	23,587
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.	9,523
Bond issuance costs are expenditures the year they are incurred in governmental funds, but are amortized over the lives of bonds in the Statement of Activities.	(2,469)
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 that by which capital asset additions (\$2,578,173) exceeded depreciation (\$1,481,255) in the current year.	1,096,918
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 8,838,151</b>

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, 2005**

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	<u>AGENCY</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 10,600
Investments	18,422
Due from Other Funds	295,028
<b>TOTAL ASSETS</b>	<u><u>324,050</u></u>
 <b>LIABILITIES</b>	
Accounts Payable	496
Due to Student Organizations	323,554
<b>TOTAL LIABILITIES</b>	<u><u>\$ 324,050</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, 2005**

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*Clover School District No. 2, South Carolina* (the “School District”) is controlled by a Board of Trustees (the “Board”), which has oversight responsibility over the public school educational activities in the School District. The School District receives funding from local, state and federal government sources and must comply with the related requirements of these funding source entities. The School District is governed by a seven member Board.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The 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:

- i) Determine its budget without the School District having the authority to approve or modify that budget;
- ii) Levy taxes or set rates or charges without approval by the School District; and
- iii) 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 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, 2005

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

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

**Governmental fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 financial statements report detailed information about the School District. The focus of Governmental Fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds are reported by fund type.

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

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

CLOVER SCHOOL DISTRICT NO. 2  
CLOVER, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*Governmental Fund Types* are those through which most governmental functions of the School District are financed. The School District's expendable financial resources and related assets and liabilities 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, 2005**

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**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, 2005**

---

**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.



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2005**

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

**C. Assets, Liabilities, and Equity (Continued)**

**3. Inventories and Other Assets (Continued)**

**Prepaid Items**

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

**4. Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed 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:

<b>CAPITAL ASSET CATEGORY</b>	<b>USEFUL LIFE RANGE</b>
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 retiring employees is immaterial, no amounts have been recorded in the government-wide financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2005**

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

**C. Assets, Liabilities and Equity (Continued)**

**6. *Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, non-current portion of capital leases, 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 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 financial statements until due.

**7. *Fund Balance***

In the fund 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 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 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, 2005**

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

**C. Assets, Liabilities and Equity (Continued)**

*10. Accounting Estimates*

The preparation of 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 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 significantly 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 revised budget amounts in the required supplementary schedule are as amended 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, 2005**

**III. DETAILED NOTES ON ALL FUNDS**

**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, 2005, \$375,185 of the School District's total bank balances of \$478,055 (with a negative carrying value of \$32,726) was uninsured and collateralized with securities held by the pledging financial institution.

*Investments*

As of June 30, 2005, 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	\$ 9,590,999	^
Cash and Investments Held by County Treasurer	Unrated	12,934,433	^
Total		<u>\$ 22,525,432</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, 2005, none of the School District's investments were exposed to custodial credit risk.

**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, 2005**

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**III. DETAILED NOTES ON ALL FUNDS (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-February 1	3% of Tax
February 2-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, 2005, millage was set at 124.0 mills to cover general School District services and uses. The millage was set at 32.0 mills to cover the School District's scheduled debt service requirements.

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, 2005, this totaled (net of allowance for uncollectible portion) \$1,111,572 for the General Fund and \$268,752 for the Debt Service Fund. These amounts have been recorded as deferred revenue on the fund financial statements because they were not collected within sixty days after the year end.

Delinquent property taxes of \$115,067 in the General Fund, and \$34,545 in the Debt Service Fund, have been recognized as revenue at June 30, 2005, because they were collected within sixty days after year end and are considered measurable and available.

On the government-wide and fund financial statements, taxes receivable are \$1,529,936 (net of an allowance for uncollectibles of \$225,786) at June 30, 2005. Allowances for uncollectibles were not necessary for the other receivable accounts.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2005**

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

**C. Interfund Receivables and Payables**

Interfund receivables (“Due From”) and payables (“Due To”) at June 30, 2005 (all of which are expected to be paid within one year), are summarized as follows:

Fund	Receivables	Payables
General Fund	\$ 375,740	\$ 1,574,371
Special Revenue Funds:		
Special Revenue	60,705	60,784
EIA	-	365,076
Food Service	580,307	-
Debt Service Fund	-	43,889
Capital Projects Fund	2,743,889	2,011,549
Fiduciary Fund - Agency Fund	295,028	-
Total	<u>\$ 4,055,669</u>	<u>\$ 4,055,669</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 ended, fringe amounts paid by the General Fund for Food Service, a capital project transfer from the General Fund to the Capital Projects Fund of \$2,700,000 that was not completed (paid for) as of year end.

**D. Transfers In and (Out)**

Transfers from (to) other funds for the year ended June 30, 2005, consisted of the following:

<b>General Fund</b>			
Transfers from	Amount	Transfers to	Amount
Pupil Activity	<u>\$ 44,437</u>	Capital Projects	<u>\$ 2,700,000</u>
<b>Capital Projects Funds</b>			
Transfers from	Amount	Transfers to	Amount
General Fund	<u>2,700,000</u>		<u>-</u>
<b>Agency Fund</b>			
Transfers from	Amount	Transfers to	Amount
	<u>\$ -</u>	General Fund	<u>\$ 44,437</u>

The funds transferred into the General Fund from the pupil activity funds were to cover school activity costs for field trip bus use. The \$2,700,000 transferred from the General Fund to the Capital Projects Fund was to comply with the Board’s approval of a \$2,700,000 designation for future capital projects.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2005**

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

**E. Capital Assets**

Capital asset activity for the School District for the year ended June 30, 2005, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Non-Depreciable:				
Land	\$ 2,312,730	1,891,922	-	\$ 4,204,652
Total Capital Assets, Non-Depreciable	<u>2,312,730</u>	<u>1,891,922</u>	<u>-</u>	<u>4,204,652</u>
Capital Assets, Depreciable:				
Buildings and Improvements	64,070,067	374,038	-	64,444,105
Machinery and Equipment	2,123,175	312,213	-	2,435,388
Total Capital Assets, Depreciable	<u>66,193,242</u>	<u>686,251</u>	<u>-</u>	<u>66,879,493</u>
Less: Accumulated Depreciation for:				
Buildings and Improvements	13,811,193	1,352,254	-	15,163,447
Machinery and Equipment	1,813,294	129,001	-	1,942,295
Total Accumulated Depreciation	<u>15,624,487</u>	<u>1,481,255</u>	<u>-</u>	<u>17,105,742</u>
Total Capital Assets, Depreciable, Net	<u>50,568,755</u>	<u>(795,004)</u>	<u>-</u>	<u>49,773,751</u>
Governmental Activities Capital Assets, Net	<u>\$ 52,881,485</u>	<u>1,096,918</u>	<u>-</u>	<u>\$ 53,978,403</u>

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

<b>Governmental Activities:</b>	
Instruction	\$ 909,491
Support Services	571,764
Total Depreciation Expense - Governmental Activities	<u>\$ 1,481,255</u>

The School District had no significant construction commitments outstanding at June 30, 2005.

**F. Short-Term Obligations**

In July 2004, the School District issued a \$5,500,000 tax anticipation note ("TAN") at a rate of 2.75% that was subsequently repaid in March 2005 for \$5,539,832 (including interest).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2005**

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

**G. Long Term Obligations**

The general obligation bonds (“GO”), general obligation refunding bonds (“GORB”) and notes payable at June 30, 2005, were comprised of the following:

<u>1998 Series:</u>	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.
<u>1999 Series:</u>	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.
<u>2001 Series:</u>	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.
<u>2004 Series:</u>	Original issue of \$4,500,000, principal due in annual installments of \$2,500,000 to \$2,000,000 at March 1 through 2007; interest at 1.65% to 2.00% paid semiannually.

The following is a summary of changes in School District long-term obligations for the year ended June 30, 2005:

<u>Long-Term Obligation</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
1998 GO Bonds	\$ 4,800,000	-	1,200,000	3,600,000	\$ 1,200,000
1999 GO Bonds	20,100,000	-	700,000	19,400,000	800,000
2001 GO Bonds	5,000,000	-	1,000,000	4,000,000	1,000,000
2003 GO Bonds Series A	1,900,000	-	1,900,000	-	-
2003 GO Bonds Series B	665,000	-	665,000	-	-
2004 GO Bonds	-	4,500,000	-	4,500,000	2,500,000
Total	<u>32,465,000</u>	<u>4,500,000</u>	<u>5,465,000</u>	<u>31,500,000</u>	<u>5,500,000</u>
Bond Premium	9,523	-	9,523	-	-
Total Governmental Activities	<u>\$ 32,474,523</u>	<u>4,500,000</u>	<u>5,474,523</u>	<u>31,500,000</u>	<u>\$ 5,500,000</u>

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

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 5,500,000	1,370,500	\$ 6,870,500
2007	5,600,000	1,203,250	6,803,250
2008	3,700,000	1,012,125	4,712,125
2009	3,000,000	855,875	3,855,875
2010	2,500,000	702,125	3,202,125
2011-2015	11,200,000	1,122,375	12,322,375
Total	<u>\$ 31,500,000</u>	<u>6,266,250</u>	<u>\$ 37,766,250</u>



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2005**

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

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

The School District has authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed value of all taxable property in the School District. The debt limitation does not apply to certain certificates of participation, debt approved through a 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, 2005, was approximately \$18,400,000 of which the School District had debt of \$8,500,000 outstanding against this limit.

**IV. OTHER INFORMATION**

**A. Retirement Plan**

**Plan Description** – Substantially all School District employees are members of the South Carolina Retirement System (SCRS). The South Carolina Retirement System is a cost-sharing multi-employer defined benefit pension plan administered by the South Carolina Retirement Systems; a division of the South Carolina State Budget and Control Board. The system offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. Comprehensive Annual Financial Reports containing financial statements and required supplementary information for the System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia S C 29211-1960.

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.

**Funding Policy** – Both employees and employers are required to contribute to the Plan under authority of Title 9 of the SC Code of Laws. Employee contributions to the Plan are 6% of salary. Employers are required to contribute at the following actuarially determined rates: SCRS State Agencies & Public Schools – 7.55%. In addition to the above rates participating employers of the South Carolina Retirement System contribute 3.40% of payroll to provide retiree health and dental insurance and group life insurance benefit for their active participants. All employers contribute at the actuarially required contribution rates. The School District contributed amounts equal to the required contribution to the SCRS of \$3,026,370, \$2,843,224, and \$2,836,939 for the years ended June 30, 2005, 2004, and 2003, respectively.

**B. 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.

**C. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2005**

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Fund Balance Designation**

The Board approved a designation of fund balance of \$2,700,000 for future school capital projects. The School District reflected the Board's decision by transferring the designated funds to the Capital Projects Fund.

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

The School District receives over 60% of its local property tax revenue from one source the Catawba Nuclear Station.

**F. Prior Period Adjustment**

The School District's fund balance/net assets in 2004 were restated as follows:

The fund balance of the General Fund was restated to record prior period property tax revenue collected in July and August 2004 of \$187,244 that was available and should have been recognized in fiscal year 2004.

The fund balance of the Debt Service Fund was restated to record prior period property tax revenue collected in July and August 2004 of \$53,045 that was available and should have been recognized in fiscal year 2004.

The Governmental Activities net assets were restated to include the prior periods adjustments noted above as well as an additional \$851,351 in property tax revenue that was deemed outstanding and collectible but was inadvertently not recognized in the prior years government-wide financial statements.

**G. Subsequent Events**

The Board of Trustees approved a 6 mill increase (increased to 130 mills from 124 in the prior year) for the next property tax year.

The School District purchased approximately 68 acres on September 30, 2005 for \$1,500,000. This land was bought as a building site for future schools.

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	GENERAL FUND			
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
Local Sources:				
Taxes	\$ 27,608,008	27,608,008	29,340,845	\$ 1,732,837
Investment Earnings	75,000	75,000	293,411	218,411
Other Local Sources	50,000	50,000	154,934	104,934
State Sources	9,134,984	9,134,984	9,620,713	485,729
<b>TOTAL REVENUE ALL SOURCES</b>	<b>36,867,992</b>	<b>36,867,992</b>	<b>39,409,903</b>	<b>2,541,911</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	23,045,717	23,045,717	20,948,558	2,097,159
Support Services	13,735,448	13,735,448	13,414,498	320,950
Intergovernmental	15,000	15,000	11,250	3,750
Capital Outlay	13,000	13,000	4,148	8,852
Debt Service:				
Interest and Fiscal Charges	55,000	55,000	39,832	15,168
<b>TOTAL EXPENDITURES</b>	<b>36,864,165</b>	<b>36,864,165</b>	<b>34,418,286</b>	<b>2,445,879</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,827</b>	<b>3,827</b>	<b>4,991,617</b>	<b>4,987,790</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	44,437	44,437
Transfers Out	-	-	(2,700,000)	(2,700,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(2,655,563)</b>	<b>(2,655,563)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>3,827</b>	<b>3,827</b>	<b>2,336,054</b>	<b>2,332,227</b>
FUND BALANCES, Beginning of Year	9,069,960	9,069,960	9,069,960	-
PRIOR PERIOD ADJUSTMENTS	187,244	187,244	187,244	-
FUND BALANCE, Beginning of Year - Restated	9,257,204	9,257,204	9,257,204	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 9,261,031</b>	<b>9,261,031</b>	<b>11,593,258</b>	<b>\$ 2,332,227</b>

**Note to the Required Supplementary Information:**

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

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b>REVENUES</b>			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 24,308,008	26,307,579	\$ 1,999,571
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	3,100,000	2,758,030	(341,970)
1240 Penalties & Interest on Taxes (Dependent)	200,000	81,408	(118,592)
1280 Revenue in Lieu of Taxes (Independent and Dependent)	-	193,828	193,828
1300 Tuition:			
1310 From Patrons for Regular Day School	-	4,035	4,035
1500 Earnings on Investments:			
1510 Interest on Investments	75,000	293,411	218,411
1900 Other Revenue from Local Sources:			
1910 Rentals	25,000	21,097	(3,903)
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	25,000	129,802	104,802
Total Revenue from Local Sources	<u>27,733,008</u>	<u>29,789,190</u>	<u>2,056,182</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	805	805
3132 Home Schooling	-	1,389	1,389
3160 School Bus Driver's Salary	238,170	269,936	31,766
3180 Fringe Benefits Employer Contributions	1,634,507	1,626,337	(8,170)
3181 Retiree Insurance	461,088	476,777	15,689
3199 Other Restricted State Grants	-	26,552	26,552
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	313,700	308,911	(4,789)
3312 Primary	899,600	923,516	23,916
3313 Elementary	1,472,285	1,479,256	6,971
3314 High School	329,300	243,021	(86,279)
3315 Trainable Mentally Handicapped	16,500	22,365	5,865
3316 Speech Handicapped (Part-Time Program)	291,000	302,338	11,338
3317 Homebound	\$ 9,800	14,148	\$ 4,348

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 66,500	57,186	\$ (9,314)
3322 Educable Mentally Handicapped	49,600	60,824	11,224
3323 Learning Disabilities	390,250	401,471	11,221
3324 Hearing Handicapped	16,000	14,028	(1,972)
3326 Orthopedically Handicapped	10,700	14,507	3,807
3327 Vocational	907,000	1,087,868	180,868
3330 Other EFA Programs:			
3331 Autism	13,000	12,024	(976)
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief	1,655,984	1,655,984	-
3820 Homestead Exemption	320,000	487,325	167,325
3830 Merchant's Inventory Tax	30,000	36,504	6,504
3840 Manufacturers Depreciation Reimbursement	-	38,782	38,782
3890 Other State Property Tax Revenues (Includes MC Vehicle Tax)	-	58,859	58,859
3900 Other State Revenue:			
3999 Revenue from Other State Sources	10,000	-	(10,000)
Total Revenue from State Sources	<u>9,134,984</u>	<u>9,620,713</u>	<u>485,729</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>36,867,992</u></b>	<b><u>39,409,903</u></b>	<b><u>2,541,911</u></b>

EXPENDITURES

100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	970,558	1,070,725	(100,167)
200 Employee Benefits	289,655	304,092	(14,437)
300 Purchased Services	674	602	72
400 Supplies and Materials	19,432	18,714	718
600 Other Objects	180	100	80
112 Primary Programs:			
100 Salaries	3,933,317	3,402,481	530,836
200 Employee Benefits	1,165,054	1,031,631	133,423
300 Purchased Services	1,734	1,670	64
400 Supplies and Materials	72,947	73,367	(420)
600 Other Objects	\$ 500	500	\$ -

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
113 Elementary Programs:			
100 Salaries	\$ 5,580,684	5,165,784	\$ 414,900
200 Employee Benefits	1,619,157	1,477,906	141,251
300 Purchased Services	99,865	70,273	29,592
400 Supplies and Materials	168,435	120,973	47,462
600 Other Objects	100	67	33
114 High School Programs:			
100 Salaries	3,300,490	2,875,082	425,408
200 Employee Benefits	985,622	885,398	100,224
300 Purchased Services	20,076	47,325	(27,249)
400 Supplies and Materials	93,650	99,863	(6,213)
115 Vocational Programs:			
100 Salaries	760,839	635,680	125,159
200 Employee Benefits	183,281	141,421	41,860
300 Purchased Services - Other Than Tuition	192	481	(289)
400 Supplies and Materials	30,888	28,132	2,756
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	354,137	331,934	22,203
200 Employee Benefits	104,919	73,697	31,222
400 Supplies and Materials	600	(237)	837
122 Trainable Mentally Handicapped:			
100 Salaries	221,211	192,679	28,532
200 Employee Benefits	64,661	53,786	10,875
400 Supplies and Materials	-	(222)	222
123 Orthopedically Handicapped:			
100 Salaries	69,497	35,482	34,015
200 Employee Benefits	19,173	9,601	9,572
125 Hearing Handicapped:			
100 Salaries	49,240	51,590	(2,350)
200 Employee Benefits	14,482	12,141	2,341
126 Speech Handicapped:			
100 Salaries	256,361	203,132	53,229
200 Employee Benefits	68,508	40,493	28,015
127 Learning Disabilities:			
100 Salaries	833,032	821,117	11,915
200 Employee Benefits	216,835	180,709	36,126
128 Emotionally Handicapped:			
100 Salaries	240,200	243,699	(3,499)
200 Employee Benefits	62,729	52,603	10,126
400 Supplies and Materials	-	89	(89)
600 Other Objects	\$ 500	75	\$ 425

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
130 Pre-School Programs:			
132 Pre-School Handicapped-Itinerant (5-Yr. Olds)			
100 Salaries	\$ 10,744	896	\$ 9,848
200 Employee Benefits	3,427	358	3,069
133 Pre-School Handicapped-Self-Contained (5-Yr. Olds)			
100 Salaries	56,656	61,272	(4,616)
200 Employee Benefits	10,566	12,961	(2,395)
135 Pre-School Handicapped-Speech (3 & 4-Yr. Olds)			
100 Salaries	4,605	4,221	384
200 Employee Benefits	859	848	11
136 Pre-School Handicapped-Itinerant (3 & 4-Yr. Olds)			
100 Salaries	54,667	49,237	5,430
200 Employee Benefits	10,195	11,983	(1,788)
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	65,003	57,780	7,223
200 Employee Benefits	12,123	10,111	2,012
300 Purchased Services	-	138	(138)
139 Early Childhood Programs:			
100 Salaries	410,451	425,941	(15,490)
200 Employee Benefits	126,602	104,536	22,066
300 Purchased Services	250	153	97
400 Supplies and Materials	5,242	4,215	1,027
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	15,423	55,118	(39,695)
200 Employee Benefits	7,462	4,807	2,655
300 Purchased Services	7,500	8,264	(764)
400 Supplies and Materials	4,500	2,193	2,307
600 Other Objects	500	200	300
145 Homebound:			
100 Salaries	-	27,184	(27,184)
200 Employee Benefits	-	4,760	(4,760)
300 Purchased Services	23,120	8,303	14,817
149 Other Special Programs:			
100 Salaries	194,357	172,525	21,832
200 Employee Benefits	48,683	36,175	12,508
300 Purchased Services	-	2,077	(2,077)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	38,628	32,754	5,874
200 Employee Benefits	\$ 7,204	7,865	\$ (661)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
172 Elementary Summer School:			
100 Salaries	\$ -	17,825	\$ (17,825)
200 Employee Benefits	-	2,772	(2,772)
173 High School Summer School:			
100 Salaries	21,100	11,241	9,859
200 Employee Benefits	3,935	2,097	1,838
300 Purchased Services	-	3,798	(3,798)
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
400 Supplies and Materials	20,000	20,000	-
188 Parenting/Family Literacy:			
100 Salaries	-	19,293	(19,293)
200 Employee Benefits	-	3,598	(3,598)
300 Purchased Services	4,500	3,650	850
400 Supplies and Materials	4,000	2,774	1,226
Total Instruction	<u>23,045,717</u>	<u>20,948,558</u>	<u>2,097,159</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	176,878	148,772	28,106
200 Employee Benefits	43,017	28,249	14,768
300 Purchased Services	4,400	144	4,256
400 Supplies and Materials	1,600	976	624
212 Guidance Services:			
100 Salaries	712,818	666,688	46,130
200 Employee Benefits	197,086	148,057	49,029
300 Purchased Services	941	844	97
400 Supplies and Materials	1,347	1,469	(122)
600 Other Objects	250	193	57
213 Health Services:			
100 Salaries	232,324	257,072	(24,748)
200 Employee Benefits	60,056	40,730	19,326
300 Purchased Services	2,000	1,491	509
400 Supplies and Materials	10,000	8,758	1,242
214 Psychological Services:			
100 Salaries	201,053	225,157	(24,104)
200 Employee Benefits	48,163	43,538	4,625
400 Supplies and Materials	700	-	700
600 Other Objects	\$ 200	170	\$ 30

(Continued)



GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	\$ 372,752	333,290	\$ 39,462
200 Employee Benefits	101,008	103,154	(2,146)
300 Purchased Services	28,000	50,521	(22,521)
400 Supplies and Materials	51,275	60,256	(8,981)
600 Other Objects	2,725	1,418	1,307
222 Library and Media Services:			
100 Salaries	681,359	624,465	56,894
200 Employee Benefits	220,228	197,381	22,847
300 Purchased Services	1,427	1,407	20
400 Supplies and Materials	84,077	81,288	2,789
223 Supervision of Special Programs:			
100 Salaries	72,355	70,528	1,827
200 Employee Benefits	19,396	16,641	2,755
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	6,000	7,480	(1,480)
200 Employee Benefits	-	1,352	(1,352)
300 Purchased Services	8,000	6,227	1,773
230 General Administrative Services:			
231 Board of Education:			
300 Purchased Services	34,000	52,316	(18,316)
318 Audit Services	25,000	36,500	(11,500)
400 Supplies and Materials	5,000	967	4,033
600 Other Objects	6,000	2,801	3,199
232 Office of Superintendent:			
100 Salaries	257,342	206,717	50,625
200 Employee Benefits	251,449	246,516	4,933
300 Purchased Services	25,944	64,399	(38,455)
400 Supplies and Materials	26,500	29,336	(2,836)
600 Other Objects	39,500	36,153	3,347
233 School Administration:			
100 Salaries	2,105,093	2,168,187	(63,094)
200 Employee Benefits	569,322	666,809	(97,487)
300 Purchased Services	22,533	17,952	4,581
400 Supplies and Materials	38,092	40,500	(2,408)
600 Other Objects	\$ 7,185	5,703	\$ 1,482

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	\$ 261,051	262,449	\$ (1,398)
200 Employee Benefits	72,096	55,823	16,273
300 Purchased Services	33,140	15,918	17,222
400 Supplies and Materials	40,000	13,045	26,955
600 Other Objects	1,000	238	762
254 Operation and Maintenance of Plant:			
100 Salaries	1,597,025	1,574,030	22,995
200 Employee Benefits	526,041	545,248	(19,207)
300 Purchased Services	665,000	730,000	(65,000)
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	170,000	107,733	62,267
400 Supplies and Materials	413,800	459,300	(45,500)
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,050,000	1,025,363	24,637
500 Capital Outlay	-	4,148	(4,148)
600 Other Objects	1,700	981	719
255 Student Transportation (State Mandated):			
100 Salaries	722,130	582,749	139,381
200 Employee Benefits	187,018	146,408	40,610
300 Purchased Services	112,500	124,704	(12,204)
400 Supplies and Materials	7,500	37,197	(29,697)
600 Other Objects	-	93	(93)
256 Food Service:			
200 Employee Benefits	175,000	26,130	148,870
258 Security:			
300 Purchased Services	50,000	63,737	(13,737)
400 Supplies and Materials	-	1,119	(1,119)
260 Central Support Services:			
264 Staff Services:			
100 Salaries	172,631	146,750	25,881
200 Employee Benefits	45,291	31,679	13,612
300 Purchased Services	15,500	27,296	(11,796)
400 Supplies and Materials	12,500	16,674	(4,174)
600 Other Objects	2,000	2,254	(254)
266 Technology and Data Processing Services:			
100 Salaries	71,252	99,088	(27,836)
200 Employee Benefits	23,369	24,985	(1,616)
300 Purchased Services	137,960	100,983	36,977
400 Supplies and Materials	19,040	34,551	(15,511)
500 Capital Outlay	\$ 13,000	-	\$ 13,000

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2005

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries	\$ 221,550	254,311	\$ (32,761)
200 Employee Benefits	41,319	34,692	6,627
400 Supplies and Materials	133,640	166,398	(32,758)
Total Support Services	<u>13,748,448</u>	<u>13,418,646</u>	<u>329,802</u>
400 Other Charges:			
412 Payments to Other Governmental Units			
720 Transits	15,000	11,250	3,750
Total Intergovernmental Expenditures	<u>15,000</u>	<u>11,250</u>	<u>3,750</u>
500 Debt Service:			
620 Interest	55,000	39,832	15,168
Total Debt Service	<u>55,000</u>	<u>39,832</u>	<u>15,168</u>
<b>TOTAL EXPENDITURES</b>	<b><u>36,864,165</u></b>	<b><u>34,418,286</u></b>	<b><u>2,445,879</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund Transfers, From (To) Other Funds:			
5270 Transfer from Pupil Activity Fund	-	44,437	44,437
424-710 Transfer to Capital Projects Fund	-	(2,700,000)	(2,700,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(2,655,563)</u>	<u>(2,655,563)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b><u>3,827</u></b>	<b><u>2,336,054</u></b>	<b><u>2,332,227</u></b>
FUND BALANCE, Beginning of Year	9,069,960	9,069,960	-
PRIOR PERIOD ADJUSTMENTS	187,244	187,244	-
FUND BALANCE, Beginning of Year - Restated	<u>9,257,204</u>	<u>9,257,204</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 9,261,031</u></b>	<b><u>11,593,258</u></b>	<b><u>\$ 2,332,227</u></b>

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

**SPECIAL REVENUE FUND**

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

**YEAR ENDED JUNE 30, 2005**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>	<b>Preschool Handicapped (CG Projects) (205)</b>
<b>REVENUES</b>			
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>	<u>-</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3120 General Education:			
3122 Increase High School Diploma Requirements	-	-	-
3123 EAA Alternative Schools Program	-	-	-
3126 Refurbishment of K-8 Science Kits	-	-	-
3129 EAA Reduce Class Size Grades 1-3	-	-	-
3130 Special Programs:			
3135 Preschool Program for Children with Disabilities	-	-	-
3150 Adult Education:			
3151 Basic	-	-	-
3185 National Board Certification (NBC) Salary Supplement	-	-	-
3190 Miscellaneous Restricted State Grants:			
3191 Excellence in Middle Schools	-	-	-
3192 School Safety Officers	-	-	-
3198 School Technology Initiative	-	-	-
3199 Other Restricted State Grants	-	-	-
3600 Education Lottery Act Revenue:			
3605 EAA Palmetto Gold and Silver Awards	-	-	-
3607 6-8 Enhancement	-	-	-
3608 High Schools That Work	-	-	-
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>	<u>-</u>

<b>Occupational Education (VA Projects) (207)</b>	<b>Drug Free (FP/FQ Projects) (209)</b>	<b>Adult Education* (EA Projects) (918)</b>	<b>Other Designated Restricted State Grants*</b>	<b>Other Special Revenue Programs*</b>	<b>Totals</b>
-	-	-	-	216,351	\$ 216,351
-	-	-	-	28,000	28,000
-	-	29,864	-	1,150	31,014
-	-	29,864	-	245,501	275,365
-	-	-	170,639	-	170,639
-	-	-	109,156	-	109,156
-	-	-	19,425	-	19,425
-	-	-	142,311	-	142,311
-	-	-	16,975	-	16,975
-	-	129,495	-	-	129,495
-	-	-	12,678	-	12,678
-	-	-	20,500	-	20,500
-	-	-	34,383	-	34,383
-	-	-	26,353	-	26,353
-	-	-	29,878	2,339	32,217
-	-	-	10,677	-	10,677
-	-	-	15,400	-	15,400
-	-	-	11,721	-	11,721
-	-	-	213,811	-	213,811
-	-	-	12,561	-	12,561
-	-	-	43,984	-	43,984
-	-	129,495	890,452	2,339	\$ 1,022,286

(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, 2005**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>	<b>Preschool Handicapped (CG Projects) (205)</b>
4000 Revenue from Federal Sources:			
4200 Occupational Education:			
4210 Vocational Aid, Title I	\$ -	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):			
4310 Title I	454,222	-	-
4331 Enhancing Education through Technology (E2T2), Title II	-	-	-
4340 Promoting Informed Parental Choice & Innovative Education Program Strategies, Title V	-	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III	-	-	-
4351 Improving Teacher Quality	-	-	-
4360 Even Start - Family Literacy	-	-	-
4400 Adult Education:			
4410 Basic Adult Education	-	-	-
4500 Programs for Children with Disabilities:			
4510 Individuals with Disabilities Education Act (IDEA)	-	667,605	-
4520 Pre-School Grants	-	-	34,838
4900 Other Federal Sources:			
4920 Drug and Violence Prevention, Title IV	-	-	-
4999 Revenue from Other Federal Sources	-	-	-
Total Revenue from Federal Sources	<u>454,222</u>	<u>667,605</u>	<u>34,838</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>454,222</u></b>	<b><u>667,605</u></b>	<b><u>34,838</u></b>

**EXPENDITURES**

100 Instruction:			
110 General Instruction:			
111 Kindergarten Program:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
112 Primary Programs:			
100 Salaries	245,188	-	-
200 Employee Benefits	57,407	-	-
400 Supplies and Materials	54,106	-	-
113 Elementary Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	\$ -	-	-

Schedule B-1

<b>Occupational Education (VA Projects) (207)</b>	<b>Drug Free (FP/FQ Projects) (209)</b>	<b>Adult Education* (EA Projects) (918)</b>	<b>Other Designated Restricted State Grants*</b>	<b>Other Special Revenue Programs*</b>	<b>Totals</b>
54,929	-	-	-	-	\$ 54,929
-	-	-	-	-	454,222
-	-	-	-	17,885	17,885
-	-	-	-	16,544	16,544
-	-	-	-	21,944	21,944
-	-	-	-	140,279	140,279
-	-	-	-	95,025	95,025
-	-	-	-	89,898	89,898
-	-	-	-	13,623	681,228
-	-	-	-	-	34,838
-	21,752	-	-	-	21,752
-	-	-	-	48,890	48,890
<b>54,929</b>	<b>21,752</b>	<b>-</b>	<b>-</b>	<b>444,088</b>	<b>1,677,434</b>
<b>54,929</b>	<b>21,752</b>	<b>159,359</b>	<b>890,452</b>	<b>691,928</b>	<b>2,975,085</b>

-	-	-	400	-	400
-	-	-	74	-	74
-	-	-	119,363	-	364,551
-	-	-	24,012	-	81,419
-	-	-	-	39	54,145
-	-	-	30,866	-	30,866
-	-	-	4,664	-	4,664
-	-	-	38,002	-	38,002
-	-	-	196,417	12,476	\$ 208,893

(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, 2005**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>	<b>Preschool Handicapped (CG Projects) (205)</b>
114 High School Programs:			
100 Salaries	\$ -	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
115 Vocational Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services - Other Than Tuition	-	-	-
400 Supplies and Materials	-	-	-
120 Exceptional Programs:			
121 Educable Mentally Handicapped:			
100 Salaries	-	16,498	-
200 Employee Benefits	-	3,629	-
300 Purchased Services	-	1,266	-
400 Supplies and Materials	-	8,488	-
122 Trainable Mentally Handicapped:			
100 Salaries	-	1,903	-
200 Employee Benefits	-	342	-
300 Purchased Services	-	516	-
400 Supplies and Materials	-	3,005	-
123 Orthopedically Handicapped:			
100 Salaries	-	150	-
200 Employee Benefits	-	27	-
300 Purchased Services	-	34	-
400 Supplies and Materials	-	885	-
124 Visually Handicapped:			
400 Supplies and Materials	-	2,055	-
125 Hearing Handicapped:			
100 Salaries	-	78,817	-
200 Employee Benefits	-	17,289	-
300 Purchased Services	-	4,782	-
400 Supplies and Materials	-	1,709	-
126 Speech Handicapped:			
100 Salaries	-	58,769	-
200 Employee Benefits	-	12,207	-
300 Purchased Services	-	617	-
400 Supplies and Materials	\$ -	1,496	-



<b>Occupational Education (VA Projects) (207)</b>	<b>Drug Free (FP/FQ Projects) (209)</b>	<b>Adult Education* (EA Projects) (918)</b>	<b>Other Designated Restricted State Grants*</b>	<b>Other Special Revenue Programs*</b>	<b>Totals</b>
-	-	-	188,441	42,603	\$ 231,044
-	-	-	34,583	6,286	40,869
-	-	-	3,911	-	3,911
-	-	-	-	6,368	6,368
15,500	-	-	5,633	-	21,133
4,400	-	-	897	-	5,297
6,806	-	-	-	-	6,806
28,223	-	-	-	-	28,223
-	-	-	17,601	-	34,099
-	-	-	3,817	-	7,446
-	-	-	-	-	1,266
-	-	-	-	-	8,488
-	-	-	-	-	1,903
-	-	-	-	-	342
-	-	-	-	-	516
-	-	-	-	-	3,005
-	-	-	-	-	150
-	-	-	-	-	27
-	-	-	-	-	34
-	-	-	-	-	885
-	-	-	-	-	2,055
-	-	-	-	-	78,817
-	-	-	-	-	17,289
-	-	-	-	-	4,782
-	-	-	-	-	1,709
-	-	-	-	-	58,769
-	-	-	-	-	12,207
-	-	-	-	-	617
-	-	-	-	-	\$ 1,496

(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, 2005**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>	<b>Preschool Handicapped (CG Projects) (205)</b>
127 Learning Disabilities:			
100 Salaries	\$ -	23,689	-
200 Employee Benefits	-	3,672	-
300 Purchased Services	-	3,015	-
400 Supplies and Materials	-	8,458	-
128 Emotionally Handicapped:			
100 Salaries	-	17,059	-
200 Employee Benefits	-	2,749	-
300 Purchased Services	-	7,452	-
400 Supplies and Materials	-	4,322	-
130 Pre-School Programs:			
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	-	7,212	-
200 Employee Benefits	-	669	-
300 Purchased Services	-	207	-
400 Supplies and Materials	-	1,721	3,310
139 Early Childhood Programs:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
140 Special Programs:			
149 Other Special Programs:			
300 Purchased Services	-	-	-
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	-	1,233	-
200 Employee Benefits	-	215	-
300 Purchased Services	-	161	-
400 Supplies and Materials	-	5,152	-
170 Summer School Programs:			
171 Primary Summer School:			
100 Salaries	27,190	-	-
200 Employee Benefits	\$ 4,659	-	-

Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects) (918)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	\$ 23,689
-	-	-	-	-	3,672
-	-	-	-	-	3,015
-	-	-	-	-	8,458
-	-	-	-	-	17,059
-	-	-	-	-	2,749
-	-	-	-	-	7,452
-	-	-	-	-	4,322
-	-	-	-	-	7,212
-	-	-	-	-	669
-	-	-	-	-	207
-	-	-	-	-	5,031
-	-	-	48,038	84,790	132,828
-	-	-	1,620	20,393	22,013
-	-	-	3,254	8,922	12,176
-	-	-	-	4,917	4,917
-	-	-	-	10,674	10,674
-	-	-	-	-	1,233
-	-	-	-	-	215
-	-	-	-	-	161
-	-	-	-	-	5,152
-	-	-	-	-	27,190
-	-	-	-	-	\$ 4,659

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

**SPECIAL REVENUE FUND**

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

**YEAR ENDED JUNE 30, 2005**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>	<b>Preschool Handicapped (CG Projects) (205)</b>
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	-	-	-
183 Adult English Literacy (ESL):			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
188 Parenting/Family Literacy:			
100 Salaries	300	-	-
200 Employee Benefits	48	-	-
300 Purchased Services	-	-	-
400 Supplies and Materials	4,759	-	-
Total Instruction	<u>393,657</u>	<u>301,470</u>	<u>3,310</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
300 Purchased Services	-	1,048	-
400 Supplies and Materials	-	2,518	-
212 Guidance Services:			
300 Purchased Services	-	-	-
400 Supplies and Materials	-	-	-
213 Health Services:			
100 Salaries	-	91,591	2,743
200 Employee Benefits	-	20,748	501
300 Purchased Services	-	60,392	276
400 Supplies and Materials	-	6,642	-
214 Psychological Services:			
100 Salaries	-	40,811	-
200 Employee Benefits	-	5,088	-
300 Purchased Services	-	7,650	-
400 Supplies and Materials	\$ -	4,658	-

<b>Occupational Education (VA Projects) (207)</b>	<b>Drug Free (FP/FQ Projects) (209)</b>	<b>Adult Education* (EA Projects) (918)</b>	<b>Other Designated Restricted State Grants*</b>	<b>Other Special Revenue Programs*</b>	<b>Totals</b>
-	-	116,057	-	40,427	\$ 156,484
-	-	18,437	-	10,332	28,769
-	-	662	-	500	1,162
-	-	728	-	6,555	7,283
-	-	-	-	10,708	10,708
-	-	-	-	2,678	2,678
-	-	1,110	-	14,960	16,070
-	-	-	-	3,740	3,740
-	-	-	4,248	-	4,548
-	-	-	512	-	560
-	-	-	1,214	-	1,214
-	-	-	2,074	107	6,940
<b>54,929</b>	<b>-</b>	<b>136,994</b>	<b>729,641</b>	<b>287,475</b>	<b>1,907,476</b>
-	-	-	-	-	1,048
-	-	-	-	-	2,518
-	6,541	-	-	-	6,541
-	15,072	-	-	-	15,072
-	-	-	16,562	-	110,896
-	-	-	3,939	-	25,188
-	-	-	-	32,197	92,865
-	-	-	-	-	6,642
-	-	-	-	-	40,811
-	-	-	-	-	5,088
-	-	-	-	-	7,650
-	-	-	-	-	\$ 4,658

(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, 2005**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>	<b>Preschool Handicapped (CG Projects) (205)</b>
215 Exceptional Program Services:			
400 Supplies and Materials	\$ -	1,296	-
600 Other Objects	-	440	-
220 Instructional Staff Services:			
221 Improvement of Instruction - Curriculum Development:			
300 Purchased Services	8,781	25,173	-
400 Supplies and Materials	-	1,816	-
222 Library and Media:			
400 Supplies and Materials	-	-	-
223 Supervision of Special Programs:			
100 Salaries	-	58,252	22,448
200 Employee Benefits	-	14,438	5,266
300 Purchased Services	3,512	3,638	294
400 Supplies and Materials	511	6,014	-
500 Capital Outlay	-	8,434	-
600 Other Objects	-	358	-
224 Improvement of Instruction - Inservice and Staff Training:			
100 Salaries	-	-	-
200 Employee Benefits	-	-	-
300 Purchased Services	40,414	-	-
400 Supplies and Materials	4,875	-	-
250 Finance and Operations Services:			
251 Student Transportation (Federal/District Mandated):			
300 Purchased Services	2,472	-	-
254 Operation and Maintenance of Plant:			
300 Purchased Services	-	-	-
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	-	-	-
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	-	-	-
255 Student Transportation (State Mandated):			
300 Purchased Services	-	5,130	-
258 Security:			
300 Purchased Services	-	-	-
260 Central Support Services:			
266 Technology and Data Processing Services:			
400 Supplies and Materials	\$ -	-	-

Occupational Education (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education* (EA Projects) (918)	Other Designated Restricted State Grants*	Other Special Revenue Programs*	Totals
-	-	-	-	-	\$ 1,296
-	-	-	-	-	440
-	-	-	-	-	33,954
-	-	-	-	-	1,816
-	-	-	2,455	-	2,455
-	-	15,108	58,529	-	154,337
-	-	1,156	13,112	-	33,972
-	-	2,927	-	-	10,371
-	-	78	576	-	7,179
-	-	-	-	-	8,434
-	-	-	-	-	358
-	-	-	4,848	6,593	11,441
-	-	-	895	910	1,805
-	139	-	1,200	128,349	170,102
-	-	-	-	62,929	67,804
-	-	-	-	-	2,472
-	-	188	-	-	188
-	-	364	-	-	364
-	-	2,544	-	-	2,544
-	-	-	-	-	5,130
-	-	-	34,383	-	34,383
-	-	-	20,610	-	\$ 20,610

(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, 2005**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>	<b>Preschool Handicapped (CG Projects) (205)</b>
270 Support Services - Pupil Activity:			
271 Pupil Services Activities:			
300 Purchased Services	\$ -	-	-
Total Support Services	<u>60,565</u>	<u>366,135</u>	<u>31,528</u>
410 Intergovernmental Expenditures:			
414 Medicaid Payments to SDE			
720 Transits	-	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b><u>454,222</u></b>	<b><u>667,605</u></b>	<b><u>34,838</u></b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCE, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>-</u></b>



<b>Occupational Education (VA Projects) (207)</b>	<b>Drug Free (FP/FQ Projects) (209)</b>	<b>Adult Education* (EA Projects) (918)</b>	<b>Other Designated Restricted State Grants*</b>	<b>Other Special Revenue Programs*</b>	<b>Totals</b>
-	-	-	3,702	-	\$ 3,702
-	21,752	22,365	160,811	230,978	894,134
-	-	-	-	834	834
-	-	-	-	834	834
<b>54,929</b>	<b>21,752</b>	<b>159,359</b>	<b>890,452</b>	<b>519,287</b>	<b>2,802,444</b>
-	-	-	-	172,641	172,641
-	-	-	-	-	-
-	-	-	-	172,641	\$ 172,641

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2005

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**OTHER DESIGNATED RESTRICTED  
STATE GRANTS**

212	12 Month Agricultural Program
278	Other Restricted State Grants
284	First Steps
901	Increase In High School Diploma Requirements
908	Refurbishment of K-8 Science Kits
909	Technology Professional Development
911	School Technology Initiative
916	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)
917	Preschool Programs for Children with Disabilities
923	EAA Alternative Schools Program
929	EAA Reduce Class Size Grades 1-3
931	EAA Summer School
933	School Safety Officers
934	Excellence in Middle Schools
935	National Board Certified (NBC) Salary Supplement
960	K-5 Lottery Enhancement
965	High Schools That Work
967	6-8 Enhancement
968	High School That Work

**OTHER SPECIAL REVENUE  
PROGRAMS**

211	IDEA Capacity Building
213	IDEA
214	Medicaid
241	Promoting Informed Parental Choice and Innovative Programs, Title V
242	Even Start Family Literacy
243	Adult Education - Federal
253	Ed Tech Formula Grant
264	Title III
267	Improving Teacher Quality
269	Recycling
277	ROTC
801	SAT Improvement

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2005

SUBFUND	REVENUE		PROGRAMS	REVENUES	EXPENDITURES	SPECIAL REVENUE		Special Revenue Fund Deferred
	CODE					INTERFUND TRANSFERS	OTHER FUND TRANSFERS	
212	3199		12 Month Agricultural Program	\$ 4,757	4,757	-	-	\$ -
278	3199		Other Restricted State Grants	25,121	25,121	-	-	-
284	3999		First Steps	43,984	43,984	-	-	7,765
901	3122		Increase High School Diploma Requirements	170,639	170,639	-	-	-
908	3126		Refurbishment of K-8 Science Kits	19,425	19,425	-	-	-
909	N/A		Technology Professional Development	-	-	-	-	10,237
911	3198		School Technology Initiative	26,353	26,353	-	-	14,685
916	3991		ADEPT (Assisting, Developing, and Evaluating Professional Teaching)	12,561	12,561	-	-	3,741
917	3135		Preschool Programs for Children with Disabilities	16,975	16,975	-	-	-
923	3123		EAA Alternative Schools Program	109,156	109,156	-	-	-
929	3129		EAA Reduce Class Size Grades 1-3	142,311	142,311	-	-	-
931	N/A		EAA Summer School	-	-	-	-	307,683
933	3192		School Safety Officer	34,383	34,383	-	-	-
934	3191		Excellence in Middle Schools	20,500	20,500	-	-	-
935	3185		National Board Certified (NBC) Salary Supplement	12,678	12,678	-	-	-
960	3610		K-5 Enhancement	213,811	213,811	-	-	197,666
965	3605		EAA Palmetto Gold and Silver Awards	10,677	10,677	-	-	1,438
967	3607		6-8 Enhancement	15,400	15,400	-	-	-
968	3608		High Schools That Work	11,721	11,721	-	-	9,317
<b>Totals</b>				<b>\$ 890,452</b>	<b>890,452</b>	<b>-</b>	<b>-</b>	<b>\$ 552,532</b>

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2005

	<b>ACTUAL</b>
<b>REVENUES</b>	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3507 School Innovation Funds	\$ 72,996
3513 Parenting/Family Literacy	50,862
3515 Advanced Placement Courses	2,100
3520 Gifted and Talented - Academic	235,328
3522 Gifted and Talented - Artistic	21,860
3523 Junior Scholars Program	556
3525 Career and Technology Education Equipment	102,310
3527 Critical Teaching Needs	3,535
3530 Trainable & Profoundly Mentally Disabled Student Services	16,058
3532 National Board Certification (NBC) Salary Supplement	284,640
3533 Teacher of the Year Awards	1,077
3534 Professional Development on Standards	42,838
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	96,482
3546 Academic Assistance K-3	246,676
3548 Academic Assistance 4-12	272,757
3549 Academic Assistance Reading Recovery	32,051
3550 Teacher Salary Increase	2,422,450
3553 Adult Education - Remedial	3,779
3569 Professional Development Planning	3,800
3575 Competitive Teacher Grants	5,937
3577 Teacher Supplies	80,400
3582 Principal Salary/Fringe Increase	22,589
3592 School-to-Work Transition Act	12,453
3598 Bus Driver Salary Supplement	3,043
Total Revenue from State Sources	4,036,577
 <b>TOTAL REVENUE ALL SOURCES</b>	 <b>4,036,577</b>

**EXPENDITURES**

100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	189,570
200 Employee Benefits	36,156
112 Primary Programs:	
100 Salaries	633,136
200 Employee Benefits	120,019
300 Purchased Services	4,709
400 Supplies and Materials	38,018
600 Other Objects	\$ 400

(Continued)

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
113 Elementary Programs:	
100 Salaries	\$ 1,020,333
200 Employee Benefits	201,387
400 Supplies and Materials	28,493
114 High School Programs:	
100 Salaries	560,277
200 Employee Benefits	112,452
400 Supplies and Materials	22,200
115 Vocation Programs:	
100 Salaries	98,620
200 Employee Benefits	13,988
400 Supplies and Materials	102,310
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	13,726
200 Employee Benefits	2,472
122 Trainable Mentally Handicapped:	
100 Salaries	28,549
200 Employee Benefits	2,099
125 Hearing Handicapped:	
100 Salaries	370
200 Employee Benefits	66
126 Speech Handicapped:	
100 Salaries	7,170
200 Employee Benefits	1,200
127 Learning Disabilities:	
100 Salaries	36,177
200 Employee Benefits	4,720
128 Emotionally Handicapped:	
100 Salaries	992
200 Employee Benefits	182
130 Pre-School Programs:	
139 Early Childhood Programs:	
100 Salaries	113,824
200 Employee Benefits	26,752
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	193,549
200 Employee Benefits	50,671
143 Advanced Placement:	
400 Supplies and Materials	2,100
148 Gifted and Talented - Artistic:	
100 Salaries	1,481
200 Employee Benefits	19,022
400 Supplies and Materials	\$ 1,360

(Continued)

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

**Schedule B-4**

**SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT**

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

**YEAR ENDED JUNE 30, 2005**

	<u>ACTUAL</u>
149 Other Special Programs:	
100 Salaries	\$ 7,768
200 Employee Benefits	1,307
180 Adult/Continuing Educational Programs:	
187 Adult Education - Remedial:	
100 Salaries	3,779
188 Parenting/Family Literacy:	
100 Salaries	45,877
200 Employee Benefits	4,985
Total Instruction	<u>3,752,266</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	57,236
200 Employee Benefits	10,078
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	60,866
200 Employee Benefits	12,130
222 Library and Media:	
100 Salaries	58,272
200 Employee Benefits	9,928
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	22,463
200 Employee Benefits	3,523
300 Purchased Services	24,183
230 General Administration Services:	
233 School Administration:	
100 Salaries	22,589
250 Finance and Operations Services:	
255 Student Transportation (State Mandated):	
100 Salaries	3,043
Total Support Services	<u>284,311</u>
<b>TOTAL EXPENDITURES</b>	<u><b>4,036,577</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	-
FUND BALANCE, Beginning of Year	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ -</b></u>

SPECIAL REVENUE FUND - EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2005

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3507 School Innovation Funds	\$ 72,996	72,996	-	-	\$ -
3513 Parenting/Family Literacy	50,862	50,862	-	-	-
3515 Advanced Placement Courses	2,100	2,100	-	-	-
3520 Gifted and Talented - Academic	235,328	235,328	-	-	-
3522 Gifted and Talented - Artistic	21,860	21,860	-	-	-
3523 Junior Scholars Programs	556	556	-	-	-
3525 Career and Technology Education Equipment	102,310	102,310	-	-	-
3527 Critical Teaching Needs	3,535	3,535	-	-	602
3530 Trainable & Profoundly Mentally Disabled Student Services	16,058	16,058	-	-	-
3532 National Board Certification (NBC) Salary Supplement	284,640	284,640	-	-	-
3533 Teacher of the Year Awards	1,077	1,077	-	-	-
3534 Professional Development on Standard	42,838	42,838	-	-	22,841
3540 Early Childhood Program (4K Programs Serving Four-Year	96,482	96,482	-	-	-
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)					
3546 Academic Assistance K-3	246,676	246,676	-	-	-
3548 Academic Assistance 4-12	272,757	272,757	-	-	-
3549 Academic Assistance Reading Recovery	32,051	32,051	-	-	-
3550 Teacher Salary Increase	2,422,450	2,422,450	-	-	-
3553 Adult Education - Remedial	3,779	3,779	-	-	-
3569 Professional Development Planning	3,800	3,800	-	-	-
3575 Competitive Teacher Grants	5,937	5,937	-	-	629
3577 Teacher Supplies	80,400	80,400	-	-	-
3582 Principal Salary/Fringe Increase	22,589	22,589	-	-	-
3592 School-to-Work Transition Act	12,453	12,453	-	-	-
3598 Bus Driver Salary Supplement	3,043	3,043	-	-	-
<b>Totals</b>	<b>\$ 4,036,577</b>	<b>4,036,577</b>	<b>-</b>	<b>-</b>	<b>\$ 24,072</b>

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

YEAR ENDED JUNE 30, 2005

<u>Program</u>	<u>Project/Grant Number</u>	<u>Revenue &amp; 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>
NBC Supplements		3185	Unexpended Funds	\$ 5,112	Paid After Year-End
<b>Total</b>				<u>\$ 5,112</u>	



**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, 2005**

	<u><b>ACTUAL</b></u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 7,227,231
1500 Earnings on Investments:	
1510 Interest on Investments	46,434
Total Revenue from Local Sources	<u>7,273,665</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	101,402
3830 Merchant's Inventory Tax	4,111
Total Revenue from State Sources	<u>105,513</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>7,379,178</b></u>
<b>EXPENDITURES</b>	
500 Debt Service:	
610 Redemption of Principal	5,465,000
620 Interest	1,491,123
690 Other Objects (Includes Fees for Servicing Bonds)	2,469
Total Debt Service	<u>6,958,592</u>
<b>TOTAL EXPENDITURES</b>	<u><b>6,958,592</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u><b>420,586</b></u>
FUND BALANCE, Beginning of Year	1,823,558
PRIOR PERIOD ADJUSTMENTS	53,045
FUND BALANCE, Beginning of Year - Restated	<u>1,876,603</u>
<b>FUND BALANCE, End of Year</b>	<u><b>\$ 2,297,189</b></u>

**CAPITAL PROJECTS FUND**

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

**YEAR ENDED JUNE 30, 2005**

	<u><b>ACTUAL</b></u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 94,299
Total Revenue from Local Sources	<u>94,299</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>94,299</b></u>
 <b>EXPENDITURES</b>	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	157,979
400 Supplies and Materials	51,168
500 Capital Outlay:	
510 Land	1,901,921
520 Construction Services	1,098,990
540 Equipment	19,170
545 Technology, Equipment and Software	80,133
550 Vehicles	234,540
Total Support Services	<u>3,543,901</u>
<b>TOTAL EXPENDITURES</b>	<u><b>3,543,901</b></u>
 <b>OTHER FINANCING SOURCES (USES)</b>	
5120 Proceeds of General Obligation Bonds	4,500,000
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Exclude Indirect Costs)	2,700,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u><b>7,200,000</b></u>
 <b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>3,750,398</b>
 FUND BALANCE, Beginning of Year	<u>1,432,349</u>
 FUND BALANCE, End of Year	<u><u><b>\$ 5,182,747</b></u></u>

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,171
1600 Food Service:	
1610 Lunch Sales to Pupils	653,965
1620 Breakfast Sales to Pupils	42,044
1630 Special Sales to Pupils	236,670
1640 Lunch Sales to Adults	38,798
1650 Breakfast Sales to Adults	2,220
1660 Special Sales to Adults	31,125
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	52,105
Total Revenue from Local Sources	<u>1,059,098</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	6,291
Total Revenue from State Sources	<u>6,291</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	615,752
4830 School Breakfast Program	157,029
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program)	113,184
Total Revenue from Federal Sources	<u>885,965</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>1,951,354</u></b>
<b>EXPENSES</b>	
256 Food Service:	
100 Salaries	708,421
200 Employee Benefits	133,387
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	49,799
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	1,008,907
500 Capital Outlay	103,075
600 Other Objects	3,798
Total Food Services	<u>2,007,387</u>
<b>TOTAL EXPENSES</b>	<b><u>2,007,387</u></b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(56,033)</b>
FUND NET ASSETS, Beginning of Year	<u>740,030</u>
<b>FUND NET ASSETS, End of Year</b>	<b><u>\$ 683,997</u></b>

PUPIL ACTIVITY FUND

SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN STUDENT ORGANIZATIONS

YEAR ENDED JUNE 30, 2005

	<u>ACTUAL</u>
<b>RECEIPTS</b>	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 5,632
1700 Pupil Activities:	
1710 Admissions	113,372
1720 Bookstore Sales	9,232
1740 Student Fees	184,640
1790 Other	843,310
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	793
1999 Revenue from Other Local Sources	1,114
Total Receipts from Local Sources	<u>1,158,093</u>
<b>TOTAL RECEIPTS ALL SOURCES</b>	<b><u>1,158,093</u></b>
<b>DISBURSEMENTS</b>	
190 Instructional Pupil Activity:	
100 Salaries	5,946
200 Employee Benefits	1,029
400 Supplies and Materials	61,926
500 Capital Outlay	6,620
660 Pupil Activity	94,945
Total Instruction	<u>170,466</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries	16,525
200 Employee Benefits	2,554
300 Purchased Services	36,352
400 Supplies and Materials	6,199
660 Pupil Activity	970,337
Total Pupil Activity Expenditures	<u>1,031,967</u>
<b>TOTAL DISBURSEMENTS</b>	<b><u>1,202,433</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Excludes Indirect Costs)	(44,437)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(44,437)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(88,777)</b>
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>412,331</u>
<b>DUE TO STUDENT ORGANIZATIONS, End of Year</b>	<b><u>\$ 323,554</u></b>

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

**LOCATION RECONCILIATION SCHEDULE**

**YEAR ENDED JUNE 30, 2005**

<b>Location ID</b>	<b>Location Description</b>	<b>Education Level</b>	<b>Cost Type</b>	<b>Total Expenditures</b>
10	Clover High School	High School	School	\$ 11,955,094
11	Bethany Elementary	Elementary School	School	2,542,971
12	Bethel Elementary	Elementary School	School	3,182,456
13	Clover Middle	Middle School	School	3,794,172
14	Kinard Elementary	Elementary School	School	3,433,714
15	Clover Jr. High	Middle School	School	5,362,588
47	Griggs Road	Elementary School	School	3,485,167
51	Crowders Creek	Elementary School	School	6,080,865
All Others	Clover School District	Non-Schools	Central	15,132,593
				<u>\$ 54,969,620</u>

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

<b>Fund</b>	<b>Amount</b>
General Fund	\$ 34,418,286
Special Revenue Fund	2,802,444
Special Revenue - EIA Fund	4,036,577
Special Revenue - Food Service Fund	2,007,387
Debt Service Fund	6,958,592
Capital Projects Fund	3,543,901
Pupil Activity Fund	1,202,433
	<u>\$ 54,969,620</u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2005**

<b>LEA Subfund Code</b>	<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Grantor's Number</b>	<b>Federal Expenditures</b>
<b>US Department of Agriculture</b>				
Pass-through State Department of Education:				
600	Food Distribution	10.550	N/A	\$ 113,184
600	National School Breakfast Program	10.553	N/A	157,029
600	National School Lunch Program	10.555	N/A	615,752
<b>Total US Department of Agriculture</b>				<b>885,965</b>
<b>US Department of Education</b>				
Pass-through State Department of Education:				
201	Title I Individuals with Disabilities Education Act	84.010	05-BA048	454,222
203	Special Education--Grants to States	84.027	05-CA048	667,605
211	IDEA Capacity Grant	84.027A	05-CR048	7,500
213	Personal Development	84.027A	05-CR048	6,123
		Total 84.027		681,228
240	Special Education--Preschool Grants	84.173	05-CG089	34,838
210	Safe and Drug Free Schools and Communities	84.186	05-FQ089	21,752
202	Title VI- Chapter II	84.151	05-BB089	16,544
242	Even Start - Family Literacy	84.213	05EK090	95,025
243	Adult Education - Basic	84.002	05EK090	89,898
253	Title II - Ed Tech	84.318	05-ET089	17,885
207	Occupational Education (subprogram 16)	84.048	05-VA089	54,929
264	Title III- English Language Acquisition	84.365A	05-BP089	21,944
267	Improving Teacher Quality	84.367A	05-TQ089	140,279
<b>Total US Department of Education</b>				<b>1,628,544</b>
<b>US Department of Defense</b>				
Direct Programs:				
271	JROTC	12.000	N/A	48,890
<b>Total US Department of Defense</b>				<b>48,890</b>
<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>				<b>\$ 2,563,399</b>

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, 2005**

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**A – General**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of Clover School District No. 2, South Carolina (the “School District”) for the year ended June 30, 2005. 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 operating expenses in the Enterprise 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 COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING 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 ("School District"), as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 28, 2005. 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.

Compliance

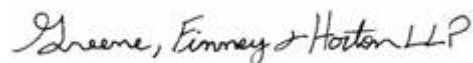
As part of obtaining reasonable assurance about whether the School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted certain other matters that we reported to management of the School District in a separate letter dated October 28, 2005.

This report is intended solely for the information and use of the Board of Trustees, management, 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 and Horton, LLP.  
October 28, 2005

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND 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 ("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, 2005. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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.

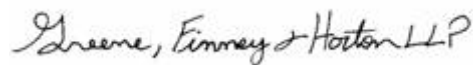
In our opinion, Clover School District No. 2, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Trustees, management, 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 and Horton, LLP  
October 28, 2005

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2005**

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**FINDINGS – 2004 FINANCIAL STATEMENTS**

2004-1: Cash Collateral

**Condition:** Cash receipts were not fully collateralized with investments held by a pledging institution's agent in the name of the School District.

**Status:** Corrective actions have been taken.

**FINDINGS – 2004 FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

2004-2: Individuals with Disabilities Education Act – CFDA #84.027 – Matching Level of Effort and/or Earmarking Requirements

**Condition:** The School District appeared to have reduced expenditures for the education of children with disabilities when compared to the most recent preceding fiscal year for which the information was available.

**Status:** Corrective actions have been taken.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2005**

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**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
Reportable condition(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
Reportable condition(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?	_____ <u>X</u> Yes	_____ No
--	--------------------	----------

Identification of major programs:

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

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

Auditee qualified as low-risk auditee?	_____ Yes	_____ <u>X</u> No
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**Section II - Findings - Current Year Financial Statements Audit**

NONE

(Continued)

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2005**

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

**2005-1: TWO FREE AND REDUCED APPLICATIONS COULD NOT BE LOCATED**

**Federal Agency: US Department of Agriculture**

**CFDA # 10.555, School Lunch Program**

**Award Year: July 1, 2004 through June 30, 2005**

**Questioned Costs**

Condition:	The School District was unable to locate two out of forty free and reduced applications selected for testing.	None
Criteria:	The School District should maintain all free and reduced applications to facilitate required testing and to comply with USDA & SDE regulations.	
Effect:	The School District is not in compliance with USDA & SDE regulations regarding free and reduced applications and could potentially be required to reimburse the funds received for the two individuals that did not have applications on file.	
Recommendation:	We recommend that the School District take the necessary steps to ensure all applications are properly filed to ensure availability.	
Response:	<p>The School District acknowledges that it was unable to locate the applications noted. This situation occurred when the School District moved all applications to a central location at the beginning of the school year. Several cafeteria staff were involved in the approval process.</p> <p>In an effort to maintain better control, the School District has hired a person to process the applications and believe that the finding was an isolated occurrence.</p>	