

CLOVER SCHOOL DISTRICT No. 2
York County, South Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2012

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

Prepared By:

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

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

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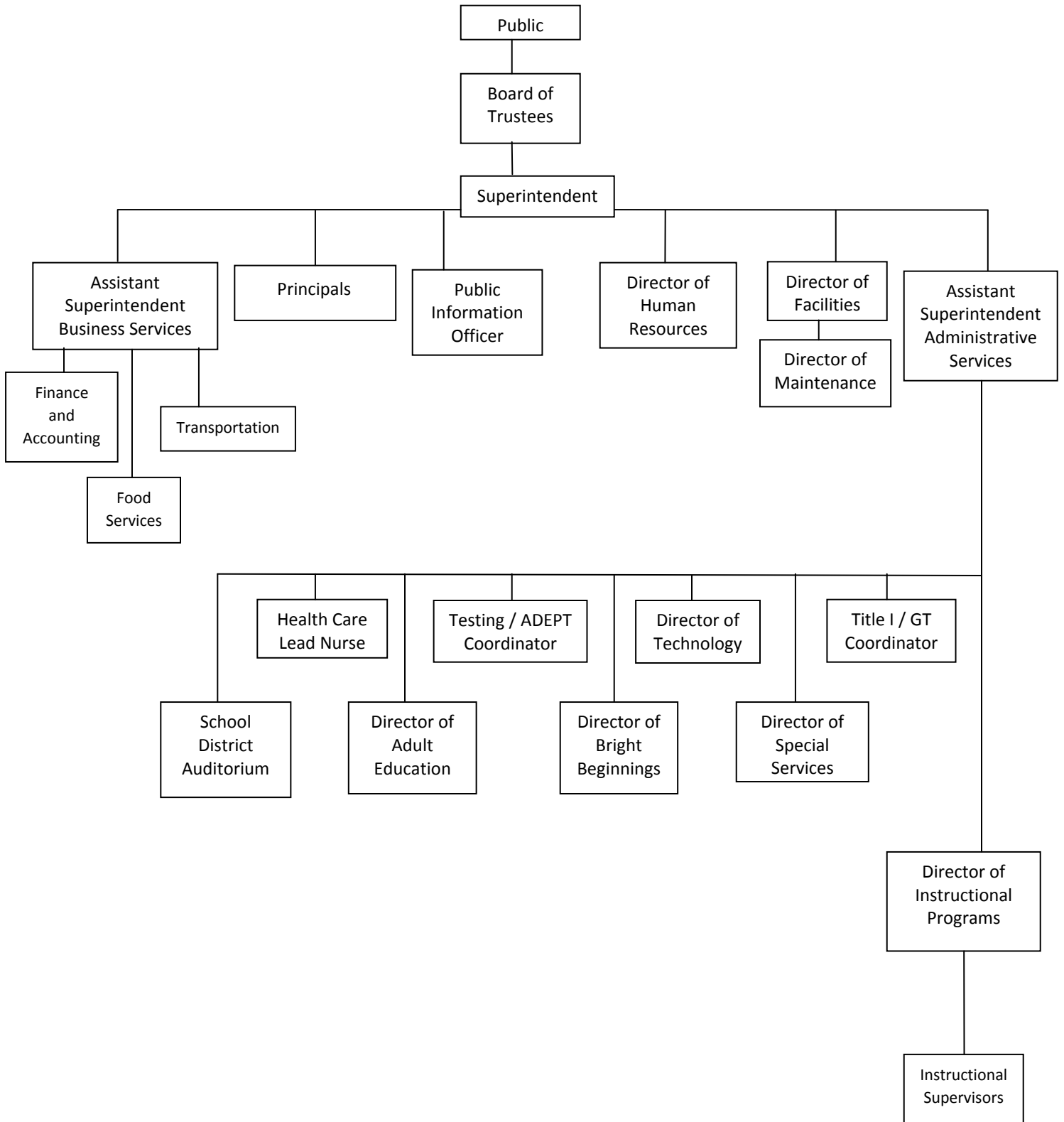
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**CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA**

ORGANIZATIONAL CHART



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

PRINCIPAL OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2012

Board Meetings are held on the third Monday of each month at 7:00 PM. Five Board of Trustee members are elected for four year terms from single member districts, and two are elected at-large, for a four year term. The Superintendent is appointed by the Board of Trustees.

Board of Trustees

Franklin Pendleton, Chairperson
Mack McCarter, Vice-Chairman
Melanie Wilson, Secretary
Sherri Ciurlik
Joe Gordon
Elizabeth Johnson
Barbara Parrish

Administrative

<u>Title</u>	<u>Name</u>
Superintendent	Dr. Marc Sosne
Assistant Superintendent, Business Services	Kenneth Love, CPA, RSBA
Assistant Superintendent, Curriculum & Admin Services	Dr. Sheila Huckabee
Director of Accounting/Procurement	Jerry Holliday
Director of Facilities	Chris Dalton
Director of Finance	Amy Cooper
Director of Food Services	Susan Roberts
Director of Food Services, Aramark	Travis Fisher
Director of Human Resources	Warren Barkley
Director of Instructional Programs	Pam Cato
Director of Special Services	Cathy McCarter
Director of Technology	Denise Hammett
Director of Transportation	Tony Mogavero
Public Information Officer	Mychal Frost



November 26, 2012

To the Citizens of Clover School District No. 2:

We are pleased to submit the *Comprehensive Annual Financial Report* (“**CAFR**”) of Clover School District No. 2 (“School District”) for the fiscal year ended June 30, 2012. State law requires that all school districts publish within five months of the close of each fiscal year a complete set of basic financial statements. This report has been prepared in conformity with generally accepted accounting principles (“GAAP”) as set forth by the Governmental Accounting Standards Board (“GASB”) and other recognized authoritative sources.

This report consists of management’s representations concerning the finances of the School District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented. To provide a reasonable basis for making these representations, management of the School District has established a comprehensive internal control framework that is designed both to protect the School District’s assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the School District’s basic financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the School District’s comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the basic financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. We also believe that all disclosures necessary to enable the reader to gain an understanding of the School District’s financial activities have been included.

The School District’s basic financial statements have been audited by Greene, Finney & Horton, LLP. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the School District for the fiscal year ended June 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall basic financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the School District’s basic financial statements for the year ended June 30, 2012 are fairly presented in conformity with GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

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

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

REPORTING ENTITY

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

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

GENERAL INFORMATION, LOCAL ECONOMIC CONDITION AND OUTLOOK

The School District is one of four K-12 school districts within York County and is located in the northern section of the County bordering North Carolina. It encompasses the entire Town of Clover and includes approximately 28% of the County's total assessed value.

The School District has been providing educational programs since 1915 when one school with an enrollment of 202 was established. It was established in its present form in 1953 when five rural districts were consolidated. Presently the School District serves 6,605 students in grades pre-K through 12th and projects enrollment to increase to 6,705 students for 2012-2013 fiscal year. The School District currently operates nine schools: Bethany Elementary (preK-5), Bethel Elementary (preK-5), Kinard Elementary (preK-5), Griggs Road Elementary (preK-5), Larne Elementary (preK-5), Crowders Creek Elementary (preK-5), Clover Middle (6-8), Oakridge Middle (6-8), Clover High (9-12).

During the 2011-2012 school year, the School District was evaluated and accredited by AdvancED. School District accreditation is a national protocol for school districts committed to systemic, systematic, and sustainable improvement. When a district earns accreditation, all schools in the district must meet the AdvancED Accreditation standards for quality school systems, engage in continuous improvement, and demonstrate quality

assurance through internal and external review. Accreditation standards a district must demonstrate are:

- Vision and Purpose
- Governance and Leadership
- Teaching and Learning
- Documenting and Using Results
- Resources and Support Systems
- Stakeholder Communications and Relationships
- Commitment to Continuous Improvement

The School Board of Trustees is made up of seven members, five of whom must live in certain geographic areas and two of whom are elected at large. All qualified electors are eligible to vote for each member of the Board. The Board meets the third Monday of each month except for July and December. The Superintendent is appointed by the Board of Trustees and is responsible to the Board for the operation of all phases of the School District's activities.

York County is located in the Piedmont section of South Carolina and is bordered on the north by North Carolina. The county has a land area of 685 square miles and had a population of 230,528 in 2011. This figure represents an approximate 1.9% increase in population over the 2010 census of 226,073. The District encompasses approximately 142 square miles of the County. The County's per capita income was \$32,906 in 2010. The County's unemployment rate was 10.8% at June 30, 2012, which is lower than the rate at June 30, 2011 of 13.0%. The County is served by two major interstates, Interstate 85 and Interstate 77, which provide access to the larger metropolitan area of Charlotte, North Carolina.

While industrial and manufacturing plants are still a major source of employment for York County residents, a broader, more diversified base of employment also exists in the County, with Duke Energy Corporation, Wells Fargo Home Mortgage, the County of York, Winthrop University, Paramount Parks-Carowinds, and all four of the County's school districts being in the list of top 25 employers in the County.

MAJOR INITIATIVES

The District focused the 2011-2012 fiscal year on closing the achievement gap and improving test scores. The following are initiatives implemented within the 2011-2012 fiscal year:

Academic Resources:

- Through continued collaborative efforts with York County Early Learning Partnership and York County First Steps, the free medical clinic offered within Clover Family Resource Center/Bright Beginnings now offers services of a family nurse practitioner in addition to a pediatrician and nurse.
- The School District continues to partner with York Technical College to expand our ability to bring dual credit opportunities to our students. York Tech has made it possible for the district to administer the COMPASS college placement test to targeted juniors/seniors. These test scores will be used as the main qualifying

criteria for admittance into dual credit courses offered at Clover High School through York Technical College.

- The School District continued with the Middle College program with a joint partnership with York Technical College. The program is a non-traditional high school program designed for juniors and seniors with a high aptitude and potential for college success. The long-term goal of the Middle College is to promote a college going culture by engaging students in relevant learning while providing them an opportunity to graduate.

Literacy:

- The School District continues to partner with the Early Learning Partnership of York County and York County First Steps in support of the Dolly Parton Imagination Library. This program encourages reading by mailing a developmentally appropriate book each month to over 400 children ages birth to five years.
- Schools in the School District continued to implement reading programs in order to promote literacy and prevent regressions of reading and comprehension skills.

Construction:

- Construction of an addition to the Applied Technology Center was completed in December 2011, and the building was occupied in January 2012.
- Renovations of science labs and guidance areas at Clover High School were completed in the summer of 2012.

District-Wide Accomplishments for FY 2011-2012 were as follows:

- Bethany Elementary School was named South Carolina's highest achieving Distinguished Title I School.
- Each school earned the Palmetto Gold and Silver Award from the State for attaining high levels of absolute performance, high rates of growth, and for making substantial progress in closing the achievement gap.
- The School District had five teachers receive National Board Certification. The School District total is now 98 teachers who have achieved this honor and accomplishment.
- The School District received an Excellent absolute rating on the 2011 SC Annual School District Report Card.
- The School District continues to work in collaboration with the Second Harvest Food Bank of Metrolina in the "backpack" program for students in our district who are in need of food in their homes over the weekends.
- The School District continued the lunch buddy program. This program allows community members into the schools to work with students.

FINANCIAL INFORMATION

Budgetary Control

The School District's budget process is developed using, as a foundation, the School District's Vision Statement, Mission Statement, and Beliefs.

School District's Motto

Each child, Each day...Excellence

School District's Mission Statement

Clover Schools will prepare each child for a successful, productive and responsible future.

School District's Values

Our value statements define how we, as quality educators, work with each other and those we serve. These statements reflect our shared beliefs and fundamental assumptions and guide us in our actions.

We Value:

- Meaningful experiences that shape students' vision for the future
- Continuous improvement through collaboration
- Individualized and personally relevant education
- Safe and nurturing environment

School District's Beliefs

- The purpose of school is to design meaningful experiences where students acquire knowledge and skills to successfully explore the challenges of today and tomorrow.
- The responsibility of leaders is to provide the vision, time, resources, and collaborative environment that promote continuous improvement.
- The focus of educators is to design engaging, meaningful work for all students and ensure that they learn to their highest potential.
- The role of the school, parents, and community is to create a safe and supportive environment for all students to learn and thrive.

The School District exercises budgetary controls in order to ensure compliance with the provisions set forth in the annual budget adopted by the Board of Trustees. Beginning in February, the principals provide the Assistant Superintendent for Business Services with their lists of personnel and facility needs for the upcoming school year. These are prioritized and discussed with the Superintendent. A proposed budget is then prepared and presented to the Board of Trustees which adopts the General Fund budget by June 30th. The School District utilizes the modified accrual basis of accounting for all governmental funds and uses encumbrance accounting to accomplish budgetary control at the function level. School District policies allow the Superintendent or Assistant Superintendent for Business Services to authorize transfers between function and object accounts as long as the total spending does not exceed the approved budget. Board approval is required for additional personnel positions and supplemental appropriations that are additional to the budget. Encumbrance accounting is utilized to assist in

budgetary control and encumbrances lapse at year end. The Board is provided a budget status report for both general fund revenues and expenditures on a monthly basis for review.

Special revenue fund budgets are controlled in conformance with the specific requirements of that fund, and budgets are not legally adopted. Budgets are not adopted for the Capital Projects Fund or the Debt Service Fund. Debt Service expenditures are set in accordance to the bond issue requirements, with revenues needed to pay the debt service requirements levied by the County Auditor.

Subsequent to the adoption of the budget by the Board, the Assistant Superintendent for Business Services certifies to the County Auditor the amount of millage required to raise sufficient funds to defray the cost of operating the School District and to pay the bonded indebtedness incurred by the School District. Pursuant to Act No. 449 enacted during the 1975 Session of the General Assembly of the State of South Carolina, the General Assembly provided for the levying of school taxes for the School District. Part III, Section 6 of Act No. 449 empowers the Board of the School District to levy taxes to provide funds for school operating expenses provided such levy may not be increased more than four mills in any year over that levied for a preceding year without the approval of the qualified electors of the School District voting in a referendum. Act No. 744 enacted at the 1990 Session of the General Assembly of South Carolina increased this limitation from four to six mills.

Since 1969, a county-wide millage has been levied for the operation of the four school districts of York County pursuant to Act No. 1663 of the Acts and Joint Resolutions of the General Assembly for the year 1968. Beginning with the 1981-82 school year and continuing through the 1986-87 school year, the proceeds of the county levy were distributed on a per pupil (average daily membership) basis to the four districts within the County. However, pursuant to the provisions of Act No. 292 passed by the General Assembly in 1987, authorization was provided to distribute the receipts from one mill levied under the countywide school levy to the school district with the lowest assessed value. Pursuant to the provisions of Act No. 744 enacted during the 1990 Session of the General Assembly of the State of South Carolina, the countywide levy was raised to thirty-three mills and the authorization to distribute the receipts from one mill to the district with the lowest assessed value was continued. After reappraisal of all property in calendar year in 2005, the total of countywide mills was reduced to thirty. Currently, York School District One has the lowest assessed value in the County.

Long Term Financial Planning

Providing adequate, safe facilities is a primary objective of the School District and currently no mobile units are used as classrooms. The School District evaluates facilities on an ongoing basis in order to provide additional instructional space prior to the existing space becoming overcrowded. The School District projects needs three to five years in the future and uses a combination of in-house resources and consultants in order to provide information for the Board to use in making decisions.

The unassigned fund balance in the General Fund at year-end was \$15,927,336. The School District has a goal of an unassigned fund balance in the General Fund of approximately 25% of the subsequent year's budget. Any resources in excess of that amount are restricted for future capital needs. The School District believes that a

positive fund balance in this range is sound financial management. Such a fund balance serves several purposes. The first is to ensure that the instructional program is not interrupted by unexpected budgetary constraints such as state budget cuts which have been enacted in recent years. Secondly, the School District does not have to utilize short term tax anticipation notes to provide adequate cash flow in the later months of the year. The third purpose is to maintain a positive bond rating when bonds are issued.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Greene, Finney, and Horton, LLP, was selected by the School District's Board of Trustees to perform the District's annual audit for the fiscal years ending 2005 through 2012. In addition, the audit was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the provisions of OMB Circular A-133. The auditor's report on the basic financial statements is included in the Financial Section of this report, and the auditor's report related specifically to the single audit is included in the Compliance Section of this report.

Acknowledgements

The completion of this comprehensive annual financial report is attributed to the hard work and professional dedication of the entire Finance Department. Their dedication and efficient services have made the timely preparation of this report possible. I would like to acknowledge the cooperation and assistance of the School District's school and departmental administration throughout the year in the efficient management of the District's financial operations. I would also like to thank our audit firm Greene, Finney, & Horton, LLP for their professional services in auditing the information contained within this document and their invaluable assistance with the compiling and printing of this financial report.

The administration would also like to thank the entire School Board of Trustees for their continued support of excellence in financial reporting and fiscal integrity. Without their help, we would not be able to maintain the exceptional staff needed to assure such a high level of competency.

This report reflects the School District's commitment to the citizens of Clover School District No. 2 and the financial community to provide information in conformance with the highest standards of financial accountability.

Respectfully Submitted,



Kenneth E. Love, CPA, RSBA
Asst. Superintendent for Business Services



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clover School District No. 2, South Carolina, (the "School District") as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clover School District No. 2, South Carolina, as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2012 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedule – General Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, and Schedule of Expenditures of Federal Awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Introductory Section and Statistical Section, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

Greene, Finney, and Horton, LLP
Mauldin, South Carolina
November 26, 2012

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

This discussion and analysis of the Clover School District No. 2's (the "School District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2012. 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 2012 are as follows:

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by approximately \$125.9 million. Of this amount, approximately \$55.6 million may be used to meet the School District's ongoing obligations (unrestricted net assets).
- The School District's total net assets increased by approximately \$12.3 million. Most of this increase in total net assets is due to the School District's desire to build net assets (set aside funds) in anticipation of future building projects and because expenditures for capital assets and bond payments are not considered expenses in the government-wide basic financial statements, partially offset by depreciation expense.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of approximately \$63.0 million, a decrease of approximately \$3.8 million from the prior year ending fund balance, which is primarily attributable to expenditures for debt service payments and capital projects. Approximately 26% of the total fund balance amount (unassigned fund balance), or approximately \$16.3 million, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$15.9 million, which was approximately 29% of total current year General Fund expenditures.
- The School District's total net capital assets increased by approximately \$8.2 million (approximately 7%) during the current fiscal year. Key factors in this increase were Capital Asset additions of approximately \$11.5 million, partially offset by depreciation expense of approximately \$3.3 million.
- The School District's total debt (including premium) decreased by approximately \$8.4 million (11%) during the fiscal year due to scheduled principal payments of \$8.3 million and amortization of the premium of approximately \$0.1 million.
- During the 2012 fiscal year, the School District's governmental fund type revenues were approximately \$86.3 million compared to approximately \$83.7 million in the prior year. This increase of approximately 3% was primarily due to increased local taxes, offset by federal revenue reductions.
- The School District had approximately \$73.4 million in expenses related to governmental activities, as reported under GASB #34 requirements. Approximately \$23.2 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of approximately \$62.5 million provided remaining funding for these programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The *Statement of Net Assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *Statement of Activities* presents information showing how the School District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Fund Basic Financial Statements. The remaining basic financial statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in more detail than the government-wide basic financial statements.

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

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

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

The School District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, Special Revenue – EIA Fund, Special Revenue – Food Service Fund, Debt Service Fund, and Capital Projects Fund, of which, all are considered to be major funds. The basic governmental fund financial statements can be found as listed on the table of contents of this report.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

Figure A-1 Major Features of the School District's Government-Wide and Fund Basic Financial Statements			
	Government-Wide Basic Financial Statements	Fund Basic Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School District government (except fiduciary funds) and the School District's component units	The activities of the School District that are not fiduciary	Instances in which the School District is the trustee or agent for someone else's resources, such as the Pupil Activity Fund
Required financial statements	<ul style="list-style-type: none"> Statement of net assets Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of assets and liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of 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, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by approximately \$125.9 million at the close of the most recent fiscal year.

Table 1 provides a summary of the School District's net assets for 2012 and 2011:

Table 1
Net Assets

	Governmental Activities	
	June 30, 2012	June 30, 2011
Assets		
Current and Other Assets	\$ 75,674,817	\$ 80,108,048
Capital Assets, Net	126,612,983	118,375,515
Total Assets	<u>202,287,800</u>	<u>198,483,563</u>
Liabilities		
Other Liabilities	11,139,254	11,252,578
Long-Term Liabilities	65,239,942	73,655,938
Total Liabilities	<u>76,379,196</u>	<u>84,908,516</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	61,373,041	49,330,211
Restricted	8,941,640	13,048,685
Unassigned	55,593,923	51,196,151
Total Net Assets	<u>\$ 125,908,604</u>	<u>\$ 113,575,047</u>

The School District's current and other assets at June 30, 2012 decreased by approximately \$4.4 million from the prior year, primarily due to debt service payments and expenditures for capital projects. The School District's capital assets at June 30, 2012 increased by approximately \$8.2 million from the prior year. The increase was primarily due to the Clover High School additions, and other additions of approximately \$11.5 million partially offset by depreciation expense of approximately \$3.3 million. Total liabilities at June 30, 2012 decreased by approximately \$8.5 million from the prior year. This decrease was primarily due to the scheduled principal payments on long-term debt and amortization of the premium.

The School District's net assets increased by approximately \$12.3 million during 2012, which is the result of current year revenues exceeding current year expenses. Please see discussion following the next table regarding this increase.

In the case of the School District, assets exceeded liabilities (net assets) by approximately \$125.9 million at the close of the most recent fiscal year. By far the largest portion of the School District's net assets (approximately \$61.4 million or 49%) reflects its investment in net capital assets (i.e., land, buildings, furniture and equipment, etc.) less any related outstanding debt and capital leases used to acquire those assets. The School District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay these long-term obligations must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the School District's net assets of approximately \$8.9 million (7%) represents resources that are subject to external restrictions on how they may be used. These net assets are restricted for special revenue programs (which are restricted by the revenue source), food service program, and debt service payments. The remaining balance is unassigned net assets of approximately \$55.6 million (44%) which may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net assets for fiscal year 2012 and 2011.

Table 2
Changes in Net Assets

Revenues	Governmental Activities	
	2012	2011
Program Revenues:		
Charges for Services	\$ 2,758,761	\$ 2,630,142
Operating Grants	20,399,438	21,512,659
General Revenue:		
Taxes	61,572,281	59,910,370
Other	957,284	381,090
Total Revenues	<u>85,687,764</u>	<u>84,434,261</u>
Program Expenses		
Instruction	41,237,942	45,794,182
Support Services	29,045,695	20,419,995
Intergovernmental	87,829	79,019
Interest and Fiscal Charges	2,982,741	3,015,588
Total Program Expenses	<u>73,354,207</u>	<u>69,308,784</u>
Change in Net Assets	12,333,557	15,125,477
Net Assets, Beginning of Year	<u>113,575,047</u>	<u>98,449,570</u>
Net Assets, End of Year	<u>\$ 125,908,604</u>	<u>\$ 113,575,047</u>

Governmental Activities. The School District's net assets from 2011 to 2012 increased by approximately \$12.3 million or 11%. Key elements that impacted the change in net assets for 2012 are as follows:

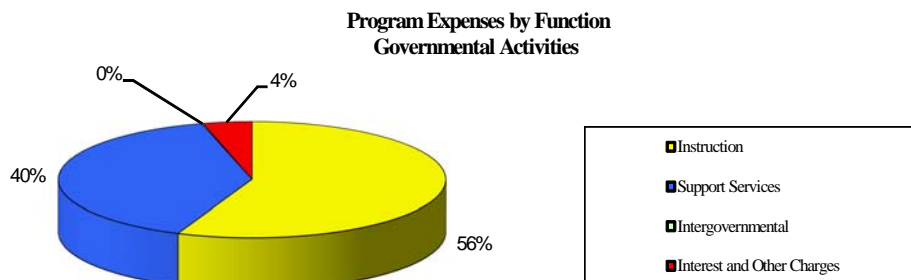
- Operating revenues of the School District continuing to exceed the operating expenses of the School District (as expenditures for capital assets, construction projects and bond payments are not considered expenses in the government-wide statements, partially offset by depreciation).
- The School District's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

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

Governmental Funds

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

For the year ended June 30, 2012, the School District's governmental funds reported a combined fund balance of approximately \$63.0 million, as compared to approximately \$66.8 million for the prior year. The difference is due primarily to higher than expected local revenues and lower than budgeted expenditures and the issuance of the 2010 Capital Improvement Bonds. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2012, the School District's unassigned fund balance for all governmental funds was approximately \$16.3 million. The remaining \$46.7 million is primarily restricted or assigned for inventories, special revenue, capital projects, debt service, and food service.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unassigned fund balance of the General Fund totaled approximately \$15.9 million (which was also the total fund balance). The fund balance for the School District's General Fund increased by approximately \$1.1 million (7%) during fiscal year 2012. The School District has a goal of 25% of its subsequent year's operation budget as its unreserved and undesignated fund balance for the General Fund.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

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

Governmental Funds (Continued)

The Debt Service Fund is shown in the accompanying basic financial statements of the School District. The fund is used to account for debt retirement. The fund balance for the Debt Service Fund decreased by approximately \$3.9 million from the prior year's balance, primarily due to the transfer to capital projects. The fiscal year ended 2012 fund balance was approximately \$8.9 million which is reserved for the payment of debt service.

The Capital Projects Fund is utilized to account for the School District's significant capital project transactions. The fund balance for the Capital Projects Fund decreased by approximately \$0.8 million in 2012 to approximately \$37.3 million at June 30, 2012. The decrease was primarily due to construction related expenditures, offset by transfers from the General and Debt Service Funds.

General Fund Budgetary Highlights

The School District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The School District has only one legally adopted budget – the General Fund. During the course of fiscal year 2012 no amendments to the School District's General Fund revenue or expense budgets were made. Key budget to actual highlights are as follows:

- There were midyear salary adjustments
- The School District's total assessed value for property taxes was higher than anticipated at budget time.
- Student body was stable

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the School District's investment in capital assets was approximately \$126.6 million, net of accumulated depreciation. The total increase in the School District's investment in net capital assets was approximately \$8.2 million, or 7%.

Table 3 shows fiscal 2012 and 2011 capital asset balances:

Table 3
Capital Assets, Net

	Governmental Activities	
	June 30, 2012	June 30, 2011
Land	\$ 13,506,793	\$ 13,506,793
Construction in Progress	6,050,736	5,930,473
Building and Improvements	134,446,623	123,190,928
Machinery and Equipment	4,967,980	4,833,873
Less: Accumulated Depreciation	(32,359,149)	(29,086,552)
Totals	<u>\$ 126,612,983</u>	<u>\$ 118,375,515</u>

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Major capital asset events during the current fiscal year included:

- Construction in Progress additions at Clover High School of approximately \$11.2 million.
- Various other additions of approximately \$0.4 million.
- Depreciation expense of approximately \$3.3 million.

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

Debt Administration

As shown in Table 4, the School District had outstanding debt of approximately \$65.2 million and \$73.7 million as of June 30, 2012 and 2011, respectively. During 2012, the School District made scheduled principal payments on debt of approximately \$8.3 million, and had amortization of premium of approximately \$0.1 million. All of the School District's debt is backed by the full faith and credit of the School District as is typical with general obligation ("GO") bonded indebtedness.

Table 4
Long-Term Debt

Long-Term Debt	Governmental Activities	
	June 30, 2012	June 30, 2011
2007-A GO Bonds*	\$ 58,475,000	\$ 58,500,000
2008 GORB *	4,950,000	8,175,000
2010 GO Bonds	-	5,045,000.00
Premium - 2007-A GO Bonds	1,814,942	1,935,938
	<u>\$ 65,239,942</u>	<u>\$ 73,655,938</u>

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

The State limits the amount of general obligation debt that school districts can issue to 8% of the assessed value of all taxable property within the School District's corporate limits. The School District's constitutional debt limit at June 30, 2012 was approximately \$25.0 million.

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

The District issued a short term debt obligation in September 2011 of \$5.0 million with interest of \$0.02 million. The short term debt was paid off in March 2012.

More detailed information about the School District's debt and other long-term obligations is presented in the notes to the basic financial statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2012

ECONOMIC FACTORS

The School District is located in the northern part of York County in the northernmost section of South Carolina and includes the Town of Clover, which is the largest municipality in the School District, with a 2011 population of 5,094. The School District is bordered on the north by the State of North Carolina, the east by Lake Wylie, the south by York School District No. 1 and the west by Cherokee County and encompasses a land area of approximately 142 square miles.

The School District has been in operation since 1915 when one school with an enrollment of 202 was established. Presently, the School District operates nine schools and has a total enrollment of approximately 6,606 students. The School District in its present form was established in 1953 when five former school districts were consolidated into the School District.

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

Duke Power Company has constructed the Catawba Nuclear Station consisting of two nuclear units estimated to cost approximately \$4 billion. The combined number of employees for the Catawba Nuclear Station and Duke Power Company is approximately 1,228. Unit 1 was placed in commercial operation in June, 1985 and was in the School District's tax base for tax year 1986-87. Commercial operation of Unit 2 commenced in August, 1987 and was in the School District's tax base for tax year 1987-88.

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

The nuclear station comprises approximately 45% of the School District's total property tax assessment. Last year, the station comprised 49% of the total property tax assessment. The depreciation of the station is causing the tax burden to shift away from the nuclear station. The School District has historically collected 98.6% of the taxes levied.

FY 2013 BUDGET

Many factors were considered by the School District's administration during the process of developing the fiscal year 2012-2013 budget which is balanced without using reserve funds. The School District's top two goals were to improve academic achievement and to support its ongoing building program. Salary increases for employees range from 0% to 2.0% for budget year 2012-2013. 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, 2012

	PRIMARY GOVERNMENT Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 16,497,119
Cash and Investments Held by County Treasurer	54,243,426
Property Taxes Receivable, Net	2,385,983
Accounts Receivable, Net	22,967
Other Receivables, Net	408,647
Due from Other Governments	2,094,284
Inventories and Prepaid Items	22,391
Capital Assets:	
Non-Depreciable	19,557,529
Depreciable, Net	107,055,454
TOTAL ASSETS	202,287,800
LIABILITIES	
Accounts Payable	3,349,002
Accrued Salaries, Fringe & Benefits	3,711,787
Accrued Interest Payable	978,431
Unearned Revenue	3,100,034
Non-Current Liabilities:	
Due Within One Year	4,975,000
Due in More than One Year	60,264,942
TOTAL LIABILITIES	76,379,196
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	61,373,041
Restricted For:	
Debt Service	8,364,851
Special Revenue	220,547
Food Service	356,242
Unrestricted	55,593,923
TOTAL NET ASSETS	\$ 125,908,604

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, 2012

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE / CHANGE IN NET ASSETS
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
PRIMARY GOVERNMENT					
Governmental Activities:					
Instruction	\$ 41,237,942	-	14,482,428	-	\$ (26,755,514)
Support Services	29,045,695	2,758,761	5,917,010	-	(20,369,924)
Intergovernmental	87,829	-	-	-	(87,829)
Interest and Other Charges	2,982,741	-	-	-	(2,982,741)
Total Governmental Activities	73,354,207	2,758,761	20,399,438	-	(50,196,008)
TOTAL PRIMARY GOVERNMENT	\$ 73,354,207	2,758,761	20,399,438	-	(50,196,008)
GENERAL REVENUES					
General Revenues:					
Property Taxes Levied for General Purposes					38,224,297
Property Taxes Levied for Debt Service					12,230,388
State Revenue in Lieu of Taxes					10,912,506
Other Taxes					205,090
Investment Earnings					208,345
Miscellaneous					748,939
Total General Revenues					62,529,565
CHANGE IN NET ASSETS					12,333,557
NET ASSETS - Beginning of Year					113,575,047
NET ASSETS - Ending of Year					\$ 125,908,604

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, 2012

	GENERAL	SPECIAL REVENUE
ASSETS		
Cash and Cash Equivalents	\$ 16,331,704	-
Cash and Investments Held by County Treasurer	12,951,219	-
Receivables, Net:		
Taxes	1,863,867	-
Accounts	68	22,899
Other	-	-
Due From:		
State Agencies	935,660	18,662
Federal Agencies	-	753,828
Other Funds	-	1,038,217
Inventories	-	-
TOTAL ASSETS	\$ 32,082,518	1,833,606
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	\$ 2,667,489	21,951
Accrued Salaries, Fringe & Benefits	3,711,787	-
Due To:		
Other Funds	8,154,370	380,716
Deferred/Unearned Revenue	1,621,536	842,373
TOTAL LIABILITIES	16,155,182	1,245,040
FUND BALANCES:		
Fund Balances		
Nonspendable:		
Inventories	-	-
Restricted For:		
Debt Service	-	-
Special Revenue	-	220,547
Food Service	-	-
Assigned For:		
Capital Projects	-	-
Unassigned	15,927,336	368,019
TOTAL FUND BALANCES	15,927,336	588,566
TOTAL LIABILITIES AND FUND BALANCES	\$ 32,082,518	1,833,606

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

SPECIAL REVENUE - EIA	SPECIAL REVENUE - FOOD SERVICE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	165,415	-	-	\$ 16,497,119
-	-	8,767,411	32,524,796	54,243,426
-	-	522,116	-	2,385,983
-	-	-	-	22,967
-	408,647	-	-	408,647
257,179	210	-	-	1,211,711
-	128,745	-	-	882,573
2,130,300	93,236	-	5,403,151	8,664,904
-	22,391	-	-	22,391
2,387,479	818,644	9,289,527	37,927,947	\$ 84,339,721
-	-	-	659,562	\$ 3,349,002
-	-	-	-	3,711,787
129,818	-	-	-	8,664,904
2,257,661	462,402	431,467	-	5,615,439
2,387,479	462,402	431,467	659,562	21,341,132
-	22,391	-	-	22,391
-	-	8,858,060	-	8,858,060
-	-	-	-	220,547
-	333,851	-	-	333,851
-	-	-	37,268,385	37,268,385
-	-	-	-	16,295,355
-	356,242	8,858,060	37,268,385	62,998,589
2,387,479	818,644	9,289,527	37,927,947	\$ 84,339,721

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

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

JUNE 30, 2012

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	62,998,589
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Amounts reported for the governmental activities in the Statement of Net Assets are different because:

Outstanding property taxes and other revenues which will be collected in the future, but deferred in the funds.		2,515,405
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$158,972,132, and the accumulated depreciation is \$32,359,149.		126,612,983
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Interest is recorded as an expenditure when due and payable in the governmental funds. Interest is recorded in the government-wide statements when it is due. This amount represents the amount of interest due but unpaid at year-end.		(978,431)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities consisted of the following:

Long-Term Debt	(63,425,000)	
Net Premium (Less Deferred Loss on Refunding)	(1,814,942)	(65,239,942)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$	<u>125,908,604</u>
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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, 2012

	GENERAL	SPECIAL REVENUE
REVENUES		
Local Sources:		
Taxes	\$ 38,760,230	-
Investment Earnings	85,553	-
Other Local Sources	98,344	358,896
State Sources	24,287,780	913,703
Federal Sources	-	2,395,757
Intergovernmental Revenue	-	-
TOTAL REVENUE ALL SOURCES	63,231,907	3,668,356
EXPENDITURES		
Current:		
Instruction	33,169,781	2,170,158
Support Services	22,223,949	1,404,007
Intergovernmental	22,500	65,329
Capital Outlay	100,580	-
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
TOTAL EXPENDITURES	55,516,810	3,639,494
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,715,097	28,862
OTHER FINANCING SOURCES (USES)		
Transfers In	123,564	-
Transfers Out	(6,745,090)	-
TOTAL OTHER FINANCING SOURCES (USES)	(6,621,526)	-
NET CHANGES IN FUND BALANCES	1,093,571	28,862
FUND BALANCES, Beginning of Year	14,833,765	559,704
FUND BALANCES, End of Year	\$ 15,927,336	588,566

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

SPECIAL REVENUE - EIA	SPECIAL REVENUE - FOOD SERVICE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	-	12,313,689	-	\$ 51,073,919
-	-	30,829	91,963	208,345
-	1,235,042	-	685,593	2,377,875
3,511,018	-	205,090	-	28,917,591
-	1,333,300	-	-	3,729,057
-	209	-	-	209
3,511,018	2,568,551	12,549,608	777,556	86,306,996
3,093,940	-	-	-	38,433,879
417,078	2,566,086	-	1,726,915	28,338,035
-	-	-	-	87,829
-	33,095	-	11,370,426	11,504,101
-	-	8,295,000	-	8,295,000
-	-	3,143,407	28,901	3,172,308
3,511,018	2,599,181	11,438,407	13,126,242	89,831,152
-	(30,630)	1,111,201	(12,348,686)	(3,524,156)
-	-	-	11,523,056	11,646,620
-	(123,564)	(5,023,056)	-	(11,891,710)
-	(123,564)	(5,023,056)	11,523,056	(245,090)
-	(154,194)	(3,911,855)	(825,630)	(3,769,246)
-	510,436	12,769,915	38,094,015	66,767,835
-	356,242	8,858,060	37,268,385	\$ 62,998,589

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

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

YEAR ENDED JUNE 30, 2012

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (3,769,246)
---	-----------------------

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenue in the Statement of Activities.	(619,232)
--	-----------

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Activities.	13,295,000
---	------------

Bond and capital lease proceeds (and any related premiums) provide current financial resources to governmental funds, but issuing debt or entering into capital leases increases long term liabilities in the Statement of Net Assets.	(5,000,000)
--	-------------

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds only when it is due and payable and thus requires the use of current financial resources. However, in the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due and payable. The interest reported in the Statement of Activities is the change in accrued interest.	68,571
--	--------

Bond premiums are revenues the year they are received in governmental funds, but are amortized over the lives of bonds in the Statement of Activities.	120,996
--	---------

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions (\$11,524,345) exceeded depreciation expense (\$3,286,877) in the current year.	8,237,468
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 12,333,557
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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, 2012

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 11,100
Investments	18,422
Accounts Receivable	462,126
TOTAL ASSETS	<u>\$ 491,648</u>
LIABILITIES	
Accounts Payable	\$ 811
Other Payables	66
Due to Student Organizations	490,771
TOTAL LIABILITIES	<u>\$ 491,648</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, 2012

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

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

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

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

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Fund Types are those through which most governmental functions of the School District are financed. The School District's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary Fund) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the School District's major and nonmajor governmental fund types:

The following are the School District's major governmental fund types:

The **General Fund - a major fund**, and budgeted fund, is the general operating fund of the School District and accounts for all revenues and expenditures of the School District except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The School District has the following major Special Revenue Funds:

- i) **The Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for financial resources provided by federal, state and local projects and grants.
- 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 use the economic resources measurement focus and the accrual basis of accounting; they are used to account for expendable assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include agency funds. Fiduciary Fund Types include the following fund:

The **Agency Fund** accounts for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity (assets are equal to liabilities) and do not include revenues and expenditures for general operation of the School District. This accounting reflects the agency relationship of the School District with the student activity organizations. Agency funds do not have a measurement focus.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity

1. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

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

Investments

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

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

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

Investments (Continued)

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

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

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

2. Interfund Receivables and Payables

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

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

3. Inventories and Other Assets

Inventories

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

3. *Inventories and Other Assets (Continued)*

Prepaid Items

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

4. *Capital Assets*

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

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

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

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

5. *Compensated Absences*

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

6. *Accrued Liabilities and Long-Term Obligations*

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund basic financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments (including estimated arbitrage liabilities), compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund basic financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund basic financial statements until due and payable.

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

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

7. *Fund Balance*

The School District implemented GASB #54 “*Fund Balance Reporting and Governmental Fund Type Definitions*” (“GASB #54”) in the current year. The objective of GASB #54 was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. GASB #54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The School District classifies governmental fund balances as follows.

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

7. Fund Balance (Continued)

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (Board of Trustees) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. The School District had assigned fund balance of approximately \$37,268,000 in the Capital Projects Fund for future capital improvements.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance. The School District has a policy that the unassigned fund balance should be at least 25% of the following year's budgeted expenditures.

The School District generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the School District generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities and Equity (Continued)

10. Accounting Estimates

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

11. Comparative Data

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. The School District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2012, none of the School District's total bank balances (including fiduciary funds) of approximately \$1,317,000, with a negative carrying value of approximately (\$186,000), was exposed to custodial credit risk.

Investments

As of June 30, 2012, the School District had the following investments and maturities:

Investment Type	Credit Rating	Fair Value	Weighted Average Maturity Less than One Year
State Local Government Investment Pool	Unrated [^]	\$ 16,712,308	\$ 16,712,308
Cash and Investments Held by County Treasurer	Unrated [*]	54,243,426	54,243,426
Total		<u>\$ 70,955,734</u>	<u>\$ 70,955,734</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, 2012, none of the School District's investments were exposed to custodial credit risk.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

B. Property Taxes and Other Receivables

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

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

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

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

For the year ended June 30, 2012, the operating millage rate was set at 157 mills (152 mills in the prior year) to cover the general operations of the School District and the debt service millage rate was set at 40 mills (44 mills in the prior year) to cover the scheduled debt service requirements of the School District.

On the government-wide and fund basic financial statements, taxes receivable are approximately \$2,386,000 (which is net of an allowance for uncollectables of approximately \$126,000) at June 30, 2012. Allowances for uncollectables were not necessary for the other receivable accounts.

Delinquent property taxes of approximately \$242,000 in the General Fund, and \$91,000 in the Debt Service Fund, have been recognized as revenue at June 30, 2012, because they were collected within sixty days after year end as they were considered measurable and available.

As of June 30, 2012, there was a receivable from the School District's Food Service provider for approximately \$409,000.

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, 2012, the various components of deferred/unearned revenue reported in the governmental funds were as follows:

Delinquent Property Taxes Receivable - General Fund	\$ 1,621,536
Delinquent Property Taxes Receivable - Debt Service Fund	431,467
Unearned Revenue from Special Revenue and Special Revenue - EIA Funds	3,100,034
Deferred/Unearned Revenue from Special Revenue - Food Service Fund	462,402
Total Deferred/Unearned Revenue for Governmental Funds	<u><u>\$ 5,615,439</u></u>

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

C. Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2012 (all of which are expected to be repaid within one year), are summarized in accordance to generally accepted accounting principles as disclosure requirements, as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ -	\$ 8,154,370
Special Revenue Funds:		
Special Revenue	1,038,217	380,716
EIA	2,130,300	129,818
Food Service	93,236	-
Capital Projects Fund	5,403,151	-
Total	<u>\$ 8,664,904</u>	<u>\$ 8,664,904</u>

Most cash activities are recorded in the General Fund, and as a result, receivables and payables exist at year end that are either due to or due from the General Fund or other funds. Various differences include Special Revenue payments not received from the State Department of Education until after the fiscal year end, fringe amounts paid by the General Fund for Food Service, and capital project transfers from the General Fund to the Capital Projects Fund in the amount of approximately \$5,403,000.

D. Transfers In and (Out)

Transfers in (out) from funds for the year ended June 30, 2012, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 123,564	\$ 6,745,090
Debt Service	-	5,023,056
Capital Projects Fund	11,523,056	-
Food Service	-	123,564
Agency Fund	245,090	-
	<u>\$ 11,891,710</u>	<u>\$ 11,891,710</u>

Transfers are routinely made for school activity costs between the General Fund and the pupil activity funds. The School District made transfers from the General Fund (as in the prior year) to the Capital Projects Fund for approximately \$6,500,000 for designated future capital projects.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

E. Capital Assets

Capital asset activity for the School District for the year ended June 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Non-Depreciable:					
Land	\$ 13,506,793	-	-	-	\$ 13,506,793
Construction in Progress	5,930,473	11,168,909	-	(11,048,646)	6,050,736
Total Capital Assets, Non-Depreciable	19,437,266	11,168,909	-	(11,048,646)	19,557,529
Capital Assets, Depreciable:					
Buildings and Improvements	123,190,928	207,049	-	11,048,646	134,446,623
Machinery and Equipment	4,833,873	148,387	14,280	-	4,967,980
Total Capital Assets, Depreciable	128,024,801	355,436	14,280	11,048,646	139,414,603
Less: Accumulated Depreciation for:					
Buildings and Improvements	26,184,725	2,986,956	-	-	29,171,681
Machinery and Equipment	2,901,827	299,921	14,280	-	3,187,468
Total Accumulated Depreciation	29,086,552	3,286,877	14,280	-	32,359,149
Total Capital Assets, Depreciable, Net	98,938,249	(2,931,441)	-	-	107,055,454
Governmental Activities Capital Assets, Net	\$ 118,375,515	8,237,468	-	-	\$ 126,612,983

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

	Depreciation
Governmental Activities:	
Instruction	\$ 2,803,589
Support Services	483,288
Total - Governmental Activities	\$ 3,286,877

F. Short-Term Obligations

The following is a summary of the changes in the School District's short-term obligations for 2012:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
SCAGO Series 2011C GO Bonds	\$ -	5,000,000	5,000,000	\$ -
Total Governmental Activities	\$ -	5,000,000	5,000,000	\$ -

The School District issued a General Obligation Bond ("Bond") in September 2011 for \$5,000,000. This Bond was issued for various construction projects throughout the School District. The School District repaid the Bond in March 2012 with interest of \$23,056.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

G. Long-Term Obligations

The general obligation bonds ("GO") payable at June 30, 2012, were comprised of the following:

- 2007-A Series: Original issue of 58,500,000, principal due in annual installments of \$25,000 to \$5,725,000 on March 1 beginning in 2012 through 2027; interest at 4.0% to 5.00% paid semiannually. A premium on the issuance of these bonds was received of \$2,359,424.
- 2008 Series: Original issue of 14,100,000, principal due in annual installments of \$200,000 to \$4,950,000 on March 1 beginning in 2009 through 2013; interest at 3.0% to 3.50% paid semiannually. Issuance costs, the premium, and the deferred loss related to this issuance were not significant and thus have not been recorded on the government-wide financial statements.
- 2010 Series: Original issue of \$10,000,000, principal due in annual installments of \$4,955,000 and \$5,045,000 on March 1 beginning in 2011 through 2012; interest at 2.0% paid annually. Issuance costs were not significant and thus have not been recorded on the government-wide financial statements.

The above debt issuances were issued for construction and renovation costs in the School District.

Following is a summary of changes in the School District long-term obligations for the year ended June 30, 2012:

Long-Term Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
2007-A GO Bonds *	\$ 58,500,000	-	25,000	58,475,000	\$ 25,000
2008 GORB *	8,175,000	-	3,225,000	4,950,000	4,950,000
2010 GO Bonds	5,045,000	-	5,045,000	-	-
Premium-2007-A GO Bonds	1,935,938	-	120,996	1,814,942	-
Total Governmental Activities	<u>\$ 73,655,938</u>	<u>-</u>	<u>8,415,996</u>	<u>65,239,942</u>	<u>\$ 4,975,000</u>

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

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

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

Year Ending June 30	Principal	Interest	Total
2013	\$ 4,975,000	2,935,294	\$ 7,910,294
2014	2,960,000	2,761,044	5,721,044
2015	3,120,000	2,613,044	5,733,044
2016	3,270,000	2,457,044	5,727,044
2017	3,440,000	2,293,544	5,733,544
2018-2122	20,025,000	8,703,970	28,728,970
2023-2027	25,635,000	3,585,921	29,220,921
Total	<u>\$ 63,425,000</u>	<u>25,349,861</u>	<u>\$ 88,774,861</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

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

G. Long-Term Obligations (Continued)

The School District has authority to issue general obligation bonds each calendar year, subject to a constitutional debt limit equal to 8% of the assessed value of all taxable property in the School District. The debt limitation does not apply to certain certificates of participation, debt approved through a School District-wide referendum, and original or refunding debt for obligations issued on or before November 30, 1982. The School District's constitutional debt limit at June 30, 2012, was approximately \$25,034,000.

IV. OTHER INFORMATION

A. South Carolina Retirement System Retirement Plans

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

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

The employee required contribution rates to the SCRS plan was 6.50%, 6.50%, and 6.50% of covered salary for the years ended June 30, 2012, 2011, and 2010, respectively. The employer required contribution rate to the SCRS plan was 9.39%, 9.24%, and 9.24% for the year ended June 30, 2012, 2011, and 2010 respectively. Because the contribution rates to the SCRS are required, they are also actual contributions as well. Thus, the actual contribution rate and amount is 100% of the required contribution rate and amount for the plan for all years presented.

The State of South Carolina also provides an optional retirement plan ("State ORP"). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the IRC. The State ORP is a defined contribution plan that provides retirement and survivor benefits. As an alternative to the South Carolina Retirement System, employees eligible for the State ORP may choose between the State ORP plan or the SCRS plan. Employee required contribution rates to the State ORP were 6.50%, 6.50%, and 6.50% of covered salary for the year ended June 30, 2012, 2011, and 2010, respectively. The employer required contribution rates are 9.39%, 9.24%, and 9.24% for the years ended June 30, 2012, 2011, and 2010. For which in 2012, 2011 and 2010, 5% of the employer required contribution is remitted to the employees authorized investment providers with the balance being remitted to the South Carolina Retirement System. Because the contribution rates to the State ORP are required, they are also actual contributions as well. Thus, the actual contribution rate and amount is 100% of the required contribution rate and amount for the State ORP for all years presented.

In addition to the above rates, participating employers have contributed (a) .15% of payroll for the SCRS and State ORP to provide a group life insurance benefit for their participants (for the current and preceding two years) and (b) 4.30%, 3.90%, and 3.50% surcharge on payroll for retiree health and dental insurance and group life insurance benefit for their active participants for the years ended June 30, 2012, 2011, and 2010, respectively. All employers contribute at the actuarially required contribution rates.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

A. South Carolina Retirement System Retirement Plans (Continued)

The School District had total wages of approximately \$41,588,000, \$40,748,000, and \$40,399,000 for the years ended June 30, 2012, 2011, and 2010, respectively. The following is a summary of the School District's member wages and employee and employer contributions for the retirement plans:

Year Ended June 30th	Member Wages	Employee Contributions	Employer Contributions	Total Contributions
SCRS				
2012	\$ 36,862,946	2,396,092	5,099,989	\$ 7,496,081
2011	36,160,287	2,350,419	4,809,331	7,159,750
2010	\$ 35,146,477	2,284,524	4,613,173	\$ 6,897,697
State ORP				
2012	\$ 3,818,045	248,173	337,324	\$ 585,497
2011	3,752,711	243,926	311,100	555,026
2010	\$ 3,568,616	231,960	281,564	\$ 513,524

B. Post-Employment Health Care Benefits

In addition to the pension benefits, and in accordance with provisions of the State Appropriations Act, an employer contribution surcharge (4.30% for 2012, 3.90% for 2011, and 3.50% for 2010) percent of covered payroll was added to State and Public School entities covered by the State Health Insurance Program. This assessment is for the purpose of providing retiree health insurance coverage on a pay-as-you-go basis, and is remitted to the Division of Insurance Services. No additional employee contributions are required. The annual contribution rate is determined based on a state-wide estimate of annual premiums and covered payroll. The expenditure recognized by the employer for the year ended June 30, 2012 was approximately \$1,181,000. There were on average 61 participants eligible to receive retiree health insurance coverage during June 30, 2012.

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

C. Risk Management

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

D. Grants

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

IV. OTHER INFORMATION (CONTINUED)

E. Fund Balance Assignment

An additional assignment of fund balance of approximately \$6,500,000 for future school capital projects was made as of June 30, 2012. The School District reflected the Board's policy by transferring the assigned funds from the General Fund to the Capital Projects Fund. Therefore, as of June 30, 2012 the Board has remaining approximately \$37,268,000 (including earned interest) in total funds assigned for future construction projects.

F. Concentration of Property Tax Revenue Risk

The School District receives approximately 67% of its local property tax revenue, not considering owner-occupied values, from one source, the Catawba Nuclear Station.

G. Commitments and Contingencies

The School District had a significant construction commitment outstanding at year end for the completion of the addition work at Clover High School of approximately \$1,800,000.

H. Subsequent Events

Millage Increase

The Board of Trustees approved a 6 mill increase (increased to 163 mills from 157 mills) for the next property tax year for the general operations of the School District. The Board of Trustees approved a 6 mill decrease (decreased to 34 mills from 40 mills) for the next property tax year for the scheduled debt service requirements of the School District.

I. Pending Implementation of GASB Statement on Pensions

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("Statement"), was issued by the Governmental Accounting Standards Board ("GASB") in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net pension liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the School District's financial obligations to current and former employees for past services rendered.

In particular, the School District will be required to report a net pension liability for its participation in the SCRS, PORS, and State ORP on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Assets) and present more extensive note disclosures. In general, it should not have a significant impact on the School District's governmental funds.

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the School District's unrestricted net assets. This Statement is required to be implemented by the School District no later than the fiscal year ending June 30, 2015.

Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

General Fund

The *General Fund, a major fund* and a budgeted fund, is the general operating fund of the School District and accounts for all revenues and expenditures of the School District except those required to be accounted for in another fund. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

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REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	(BUDGETARY BASIS)	BUDGET-POSITIVE (NEGATIVE)
REVENUES				
Local Sources:				
Taxes	\$ 35,478,451	35,478,451	38,760,230	\$ 3,281,779
Investment Earnings	75,000	75,000	85,553	10,553
Other Local Sources	100,000	100,000	98,344	(1,656)
State Sources	23,504,895	23,504,895	24,287,780	782,885
TOTAL REVENUE ALL SOURCES	59,158,346	59,158,346	63,231,907	4,073,561
EXPENDITURES				
Current:				
Instruction	35,604,981	35,604,981	33,169,781	2,435,200
Support Services	23,584,792	23,584,792	22,223,949	1,360,843
Intergovernmental	45,000	45,000	22,500	22,500
Capital Outlay	80,500	80,500	100,580	(20,080)
TOTAL EXPENDITURES	59,315,273	59,315,273	55,516,810	3,798,463
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(156,927)	(156,927)	7,715,097	7,872,024
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	123,564	123,564
Transfers Out	(240,000)	(240,000)	(6,745,090)	(6,505,090)
TOTAL OTHER FINANCING SOURCES (USES)	(240,000)	(240,000)	(6,621,526)	(6,381,526)
NET CHANGE IN FUND BALANCES	(396,927)	(396,927)	1,093,571	1,490,498
FUND BALANCES, Beginning of Year	14,833,765	14,833,765	14,833,765	-
FUND BALANCES, End of Year	\$ 14,436,838	14,436,838	15,927,336	\$ 1,490,498

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 BALANCES -
FINAL BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenue from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 31,991,988	34,658,245	\$ 2,666,257
1140 Penalties & Interest on Taxes (Independent)	500,000	847,680	347,680
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	2,836,463	3,093,728	257,265
1240 Penalties & Interest on Taxes (Dependent)	150,000	160,577	10,577
1500 Earnings on Investments:			
1510 Interest on Investments	75,000	85,553	10,553
1900 Other Revenue from Local Sources:			
1910 Rentals	50,000	19,725	(30,275)
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	50,000	78,619	28,619
Total Revenue from Local Sources	<u>35,653,451</u>	<u>38,944,127</u>	<u>3,290,676</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	765	765
3160 School Bus Driver's Salary			
(Includes Hazardous Condition Transportation)	226,283	278,864	52,581
3162 Transportation Workers' Compensation	-	22,867	22,867
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	3,452,177	3,680,463	228,286
3181 Retiree Insurance (No Carryover Provision)	947,229	1,181,462	234,233
3199 Other Restricted State Grants	-	1,764	1,764
3310 Full-Time Programs:			
3311 Kindergarten	515,309	568,841	53,532
3312 Primary	1,584,070	1,708,028	123,958
3313 Elementary	2,357,227	2,515,524	158,297
3314 High School	538,853	590,249	51,396
3315 Trainable Mentally Handicapped	21,129	18,572	(2,557)
3316 Speech Handicapped (Part-Time Program)	363,797	377,229	13,432
3317 Homebound	17,013	20,006	2,993
3320 Part-Time Programs:			
3321 Emotionally Handicapped	50,061	60,526	10,465
3322 Educable Mentally Handicapped	30,156	23,513	(6,643)
3323 Learning Disabilities	460,115	447,462	(12,653)
3324 Hearing Handicapped	17,645	18,669	1,024
3325 Visually Handicapped	12,603	8,100	(4,503)
3326 Orthopedically Handicapped	10,004	14,733	4,729
3327 Vocational	\$ 1,578,116	1,753,126	\$ 175,010

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE
3330 Other EFA Programs:			
3331 Autism	\$ 70,805	84,512	\$ 13,707
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	10,567,303	10,243,358	(323,945)
3820 Homestead Exemption (Tier 2)	575,000	573,275	(1,725)
3830 Merchant's Inventory Tax	95,000	40,593	(54,407)
3890 Other State Property Tax Revenues (Includes MC Vehicle Tax)	15,000	55,279	40,279
Total Revenue from State Sources	<u>23,504,895</u>	<u>24,287,780</u>	<u>782,885</u>
TOTAL REVENUE ALL SOURCES	<u>59,158,346</u>	<u>63,231,907</u>	<u>4,073,561</u>
EXPENDITURES			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	1,664,291	1,685,340	(21,049)
200 Employee Benefits	602,391	500,870	101,521
300 Purchased Services - Other Than Tuition	1,330	896	434
400 Supplies and Materials	28,694	30,021	(1,327)
112 Primary Programs:			
100 Salaries	7,137,178	5,197,281	1,939,897
200 Employee Benefits	2,368,077	1,613,810	754,267
300 Purchased Services - Other Than Tuition	2,402	3,063	(661)
400 Supplies and Materials	94,871	91,262	3,609
113 Elementary Programs:			
100 Salaries	7,444,218	7,480,558	(36,340)
200 Employee Benefits	2,341,709	2,287,608	54,101
300 Purchased Services - Other Than Tuition	149,134	141,659	7,475
400 Supplies and Materials	233,154	165,054	68,100
114 High School Programs:			
100 Salaries	5,329,179	5,051,556	277,623
200 Employee Benefits	1,692,606	1,922,638	(230,032)
300 Purchased Services	133,095	145,619	(12,524)
400 Supplies and Materials	176,849	165,787	11,062
600 Other Objects	-	158	(158)
115 Career and Technology Education Program:			
100 Salaries	879,052	874,951	4,101
200 Employee Benefits	277,500	259,300	18,200
300 Purchased Services - Other Than Tuition	3,500	6,702	(3,202)
400 Supplies and Materials	\$ 29,000	24,972	\$ 4,028

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	\$ 363,176	264,877	\$ 98,299
200 Employee Benefits	133,992	82,965	51,027
122 Trainable Mentally Handicapped:			
100 Salaries	246,768	266,113	(19,345)
200 Employee Benefits	98,118	98,763	(645)
123 Orthopedically Handicapped:			
100 Salaries	41,253	23,010	18,243
200 Employee Benefits	16,456	8,224	8,232
124 Visually Handicapped:			
100 Salaries	64,617	65,192	(575)
200 Employee Benefits	17,374	16,863	511
125 Hearing Handicapped:			
100 Salaries	63,363	66,351	(2,988)
200 Employee Benefits	27,653	24,126	3,527
126 Speech Handicapped:			
100 Salaries	290,603	365,678	(75,075)
200 Employee Benefits	94,726	119,505	(24,779)
300 Purchased Services	30,000	25,069	4,931
127 Learning Disabilities:			
100 Salaries	1,169,177	1,265,883	(96,706)
200 Employee Benefits	409,783	403,574	6,209
400 Supplies and Materials	-	43,977	(43,977)
128 Emotionally Handicapped:			
100 Salaries	250,047	316,028	(65,981)
200 Employee Benefits	80,965	100,843	(19,878)
130 Pre-School Programs:			
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds):			
100 Salaries	141,307	130,473	10,834
200 Employee Benefits	47,608	40,555	7,053
139 Early Childhood Programs:			
100 Salaries	704,454	821,456	(117,002)
200 Employee Benefits	255,676	283,876	(28,200)
300 Purchased Services	439	140	299
400 Supplies and Materials	4,111	4,244	(133)
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	22,730	-	22,730
200 Employee Benefits	9,596	-	9,596
300 Purchased Services	10,000	2,192	7,808
400 Supplies and Materials	9,750	15,191	(5,441)
600 Other Objects	\$ 250	240	\$ 10

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE
145 Homebound:			
100 Salaries	\$ -	39,250	\$ (39,250)
140 Terminal Leave	-	-	-
200 Employee Benefits	-	8,289	(8,289)
300 Purchased Services	30,000	4,165	25,835
149 Other Special Programs:			
100 Salaries	135,715	153,761	(18,046)
200 Employee Benefits	36,095	37,127	(1,032)
300 Purchased Services	-	2,470	(2,470)
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	127,344	206,408	(79,064)
200 Employee Benefits	47,605	58,156	(10,551)
300 Purchased Services	2,500	-	2,500
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	-	15,538	(15,538)
200 Employee Benefits	-	3,301	(3,301)
173 High School Summer School:			
100 Salaries	-	13,399	(13,399)
200 Employee Benefits	-	2,896	(2,896)
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
400 Supplies and Materials	25,000	25,000	-
188 Parenting/Family Literacy:			
100 Salaries	-	70,117	(70,117)
200 Employee Benefits	-	18,094	(18,094)
300 Purchased Services	2,900	2,300	600
400 Supplies and Materials	5,600	4,997	603
Total Instruction	<u>35,604,981</u>	<u>33,169,781</u>	<u>2,435,200</u>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	245,510	248,505	(2,995)
200 Employee Benefits	79,522	75,166	4,356
300 Purchased Services	10,500	79	10,421
400 Supplies and Materials	\$ 2,750	1,881	\$ 869

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE
212 Guidance Services:			
100 Salaries	\$ 777,549	702,762	\$ 74,787
200 Employee Benefits	244,462	218,659	25,803
300 Purchased Services	451	426	25
400 Supplies and Materials	3,236	3,199	37
600 Other Objects	600	84	516
213 Health Services:			
100 Salaries	513,538	392,473	121,065
200 Employee Benefits	159,249	156,661	2,588
300 Purchased Services	-	1,356	(1,356)
400 Supplies and Materials	24,700	21,182	3,518
214 Psychological Services:			
100 Salaries	155,702	149,980	5,722
200 Employee Benefits	46,152	44,142	2,010
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	786,448	786,082	366
140 Terminal Leave	-	3,616	(3,616)
200 Employee Benefits	227,562	210,500	17,062
300 Purchased Services	37,500	30,139	7,361
400 Supplies and Materials	179,500	87,480	92,020
600 Other Objects	4,500	932	3,568
222 Library and Media Services:			
100 Salaries	694,746	686,102	8,644
200 Employee Benefits	241,958	215,871	26,087
300 Purchased Services	1,266	1,365	(99)
400 Supplies and Materials	73,437	80,281	(6,844)
223 Supervision of Special Programs:			
100 Salaries	109,002	92,801	16,201
200 Employee Benefits	30,654	24,754	5,900
300 Purchased Services	43,350	10,101	33,249
400 Supplies and Materials	800	942	(142)
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	103,479	95,806	7,673
200 Employee Benefits	21,513	23,700	(2,187)
300 Purchased Services	120,555	39,326	81,229
400 Supplies and Materials	-	244	(244)
230 General Administrative Services:			
231 Board of Education:			
300 Purchased Services	46,000	42,708	3,292
318 Audit Services	38,500	40,500	(2,000)
400 Supplies and Materials	4,500	92	4,408
600 Other Objects	\$ 8,500	21,137	\$ (12,637)

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE
232 Office of Superintendent:			
100 Salaries	\$ 225,769	237,696	\$ (11,927)
200 Employee Benefits	61,777	327,324	(265,547)
300 Purchased Services	453,900	78,219	375,681
400 Supplies and Materials	35,500	20,399	15,101
600 Other Objects	19,500	29,653	(10,153)
233 School Administration:			
100 Salaries	3,108,365	3,263,110	(154,745)
200 Employee Benefits	946,520	928,631	17,889
300 Purchased Services	15,551	5,227	10,324
400 Supplies and Materials	97,331	94,158	3,173
600 Other Objects	5,039	6,515	(1,476)
250 Finance and Operations Services:			
251 Student Transportation (Federal/District Mandated):			
100 Salaries	-	2,177	(2,177)
200 Employee Benefits	-	464	(464)
300 Purchased Services	-	1,341	(1,341)
252 Fiscal Services:			
100 Salaries	396,726	389,848	6,878
200 Employee Benefits	112,007	108,149	3,858
300 Purchased Services	14,000	4,173	9,827
400 Supplies and Materials	40,000	14,668	25,332
600 Other Objects	1,000	1,342	(342)
254 Operation and Maintenance of Plant:			
100 Salaries	2,683,142	2,632,635	50,507
140 Terminal Leave	-	1,733	(1,733)
200 Employee Benefits	929,533	803,295	126,238
300 Purchased Services	1,981,825	1,502,118	479,707
400 Supplies and Materials	3,087,740	2,901,447	186,293
500 Capital Outlay	80,500	100,580	(20,080)
600 Other Objects	5,450	1,614	3,836
255 Student Transportation (State Mandated):			
100 Salaries	835,138	935,365	(100,227)
200 Employee Benefits	449,480	305,619	143,861
300 Purchased Services	100,500	26,871	73,629
400 Supplies and Materials	26,500	17,256	9,244
256 Food Service:			
200 Employee Benefits	\$ 120,000	119,045	\$ 955

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE
258 Security:			
300 Purchased Services	\$ 185,272	126,349	\$ 58,923
400 Supplies and Materials	2,900	-	2,900
260 Central Support Services:			
262 Planning, Research, Development and Evaluation:			
263 Information Services:			
100 Salaries	60,364	55,861	4,503
200 Employee Benefits	16,490	15,668	822
300 Purchased Services	7,500	4,092	3,408
400 Supplies and Materials	4,600	26,668	(22,068)
264 Staff Services:			
100 Salaries	219,426	244,853	(25,427)
140 Terminal Leave	-	1,628	(1,628)
200 Employee Benefits	66,142	75,358	(9,216)
300 Purchased Services	37,700	37,189	511
400 Supplies and Materials	13,910	14,714	(804)
600 Other Objects	1,790	1,165	625
266 Technology and Data Processing Services:			
100 Salaries	498,506	553,010	(54,504)
200 Employee Benefits	160,239	159,195	1,044
300 Purchased Services	207,900	316,944	(109,044)
400 Supplies and Materials	682,871	754,569	(71,698)
600 Other Objects	-	473	(473)
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	463,000	406,064	56,936
140 Terminal Leave	-	-	-
200 Employee Benefits (Optional)	100,198	78,583	21,615
300 Purchased Services (Optional)	7,000	2,296	4,704
400 Supplies and Materials (Optional)	-	78,144	(78,144)
600 Other Objects (Optional)	59,000	-	59,000
Total Support Services	<u>\$ 23,665,292</u>	<u>22,324,529</u>	<u>\$ 1,340,763</u>

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE
400 Other Charges:			
410 Intergovernmental Expenditures:			
412 Payments to Other Governmental Units			
720 Transits	\$ 45,000	22,500	\$ 22,500
Total Intergovernmental Expenditures	45,000	22,500	22,500
TOTAL EXPENDITURES	59,315,273	55,516,810	3,798,463
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5280 Transfer from Other Funds Indirect Costs	-	123,564	123,564
424-710 Transfer to Capital Projects Fund	-	(6,500,000)	(6,500,000)
426-710 Transfer to Pupil Activity Fund	(240,000)	(245,090)	(5,090)
TOTAL OTHER FINANCING SOURCES (USES)	(240,000)	(6,621,526)	(6,381,526)
EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES	(396,927)	1,093,571	1,490,498
FUND BALANCES, Beginning of Year	14,833,765	14,833,765	-
FUND BALANCES, End of Year	\$ 14,436,838	15,927,336	\$ 1,490,498

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Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The School District has the following major Special Revenue Funds:

- i) The *Special Revenue Fund, a major fund* and an unbudgeted fund, is used to account for and report financial resources provided by federal, state, and local projects and grants that are restricted, committed or assigned for special education programs.
- ii) The *Education Improvement Act (“EIA”) Fund, a major fund* and an unbudgeted fund, is used to account for and report the restricted revenues from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which are restricted for specific programs authorized or mandated by the EIA.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
REVENUES		
1000 Revenue from Local Sources:		
1920 Contributions and Donations Private Sources	\$ -	-
1930 Medicaid	-	-
1990 Miscellaneous Local Revenue:		
1992 Canteen Operations	-	-
1999 Revenue from Other Local Sources	-	-
Total Revenue from Local Sources	<u>-</u>	<u>-</u>
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3110 Occupational Education:		
3118 EEDA Career Specialist	-	-
3120 General Education:		
3123 Formative Assessment	-	-
3127 Student Health and Fitness -PE Teachers	-	-
3128 High Schools That Work/Making Middle Grades Work	-	-
3130 Special Programs:		
3136 Student Health and Fitness - Nurses	-	-
3139 21st Century Special Funding		
3150 Adult Education:		
3190 Miscellaneous Restricted State Grants:		
3195 High School Reading Incentive	-	-
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3607 6-8 Enhancement (Carryover Provision)	-	-
3610 K-5 Enhancement (Carryover Provision)	-	-
3900 Other State Revenue:		
3991 ADEPT (Assisting, Developing, and Evaluating Professional Teaching) (Carryover Only)	-	-
3999 Revenue from Other State Sources	-	-
Total Revenue from State Sources	<u>-</u>	<u>-</u>
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins Aid, Title I	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education (EA Projects) (918)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	36,445	\$ 36,445
-	-	-	-	-	274,139	274,139
-	-	-	-	-	8,669	8,669
-	-	-	35,025	-	4,618	39,643
-	-	-	35,025	-	323,871	358,896
-	-	-	-	203,740	-	203,740
-	-	-	-	39,537	-	39,537
-	-	-	-	48,988	-	48,988
-	-	-	-	10,387	-	10,387
-	-	-	-	190,209	-	190,209
-	-	-	-	60,000	-	60,000
-	-	-	-	-	5,830	5,830
-	-	-	-	11,221	-	11,221
-	-	-	-	305,885	-	305,885
-	-	-	-	4,501	-	4,501
-	-	-	-	-	33,405	33,405
-	-	-	-	874,468	39,235	913,703
-	77,924	-	-	-	-	\$ 77,924

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	\$ 693,150	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
4344 McKinney-Vento Homeless Educational Assistance Act (ARRA 09)	-	-
4350 State Fiscal Stabilization Fund (ARRA) (Carryover Provision)	-	-
4351 Improving Teacher Quality (Carryover Provision)	-	-
4400 Adult Education:		
4410 Basic Adult Education	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	1,049,332
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4540 IDEA (ARRA 611)	-	-
4900 Other Federal Sources:		
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>693,150</u>	<u>1,049,332</u>
TOTAL REVENUE ALL SOURCES	<u>693,150</u>	<u>1,049,332</u>

EXPENDITURES

100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
300 Purchased Services	210	-
400 Supplies and Materials	2,701	-
112 Primary Programs:		
100 Salaries	291,415	-
200 Employee Benefits	88,188	-
300 Purchased Services	3,901	-
400 Supplies and Materials	67,098	-
113 Elementary Programs:		
100 Salaries	80,526	-
200 Employee Benefits	26,826	-
300 Purchased Services	23,820	-
400 Supplies and Materials	25,935	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education (EA Projects) (918)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	-	\$ 693,150
-	-	-	-	-	22,621	22,621
-	-	-	-	-	3,491	3,491
-	-	-	-	-	83,729	83,729
-	-	-	-	-	157,013	157,013
-	-	-	-	-	122,132	122,132
-	-	-	-	-	-	1,049,332
25,910	-	-	-	-	-	25,910
-	-	-	-	-	98,059	98,059
-	-	-	-	-	62,396	62,396
25,910	77,924	-	-	-	549,441	2,395,757
25,910	77,924	-	35,025	874,468	912,547	3,668,356
-	-	-	-	-	-	210
-	-	-	-	-	-	2,701
-	-	-	-	-	-	291,415
-	-	-	-	-	-	88,188
-	-	-	-	-	-	3,901
-	-	-	-	-	3,491	70,589
-	-	-	-	50,651	1,360	132,537
-	-	-	-	366	292	27,484
-	-	-	-	6,466	1,184	31,470
-	-	-	-	307,555	16,374	349,864
-	-	-	-	-	53,428	53,428
-	-	-	-	-	8,968	8,968
-	-	-	-	8,478	-	8,478
-	-	-	-	42,656	38,024	\$ 80,680

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
115 Career and Technology Education Program:		
100 Salaries	\$ -	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	79,909
200 Employee Benefits	-	31,234
300 Purchased Services	-	6,656
400 Supplies and Materials	-	3,556
122 Trainable Mentally Handicapped:		
100 Salaries	-	3,326
200 Employee Benefits	-	336
300 Purchased Services	-	440
400 Supplies and Materials	-	1,596
123 Orthopedically Handicapped:		
100 Salaries	-	21,573
200 Employee Benefits	-	8,075
124 Visually Handicapped:		
300 Purchased Services	-	943
400 Supplies and Materials	-	66
125 Hearing Handicapped:		
100 Salaries	-	27,375
200 Employee Benefits	-	10,575
300 Purchased Services	-	1,400
400 Supplies and Materials	-	1,741
126 Speech Handicapped:		
100 Salaries	-	1,178
200 Employee Benefits	-	253
300 Purchased Services	-	2,507
400 Supplies and Materials	-	5,879
100 Salaries	-	59,447
200 Employee Benefits	-	10,826
300 Purchased Services	-	1,631
400 Supplies and Materials	-	1,758
128 Emotionally Handicapped:		
100 Salaries	-	19,230
200 Employee Benefits	-	7,512
300 Purchased Services	-	1,656
400 Supplies and Materials	-	613
600 Other Objects	\$ -	250

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education (EA Projects) (918)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	5,830	\$ 5,830
-	38,684	-	-	-	-	38,684
-	39,240	-	-	-	-	39,240
-	-	-	-	-	-	79,909
-	-	-	-	-	-	31,234
-	-	-	-	-	-	6,656
2,028	-	-	-	-	21,341	26,925
-	-	-	-	-	-	3,326
-	-	-	-	-	-	336
-	-	-	-	-	-	440
110	-	-	-	-	294	2,000
-	-	-	-	-	-	21,573
-	-	-	-	-	-	8,075
-	-	-	-	-	-	943
-	-	-	-	-	-	66
-	-	-	-	-	-	27,375
-	-	-	-	-	-	10,575
-	-	-	-	-	-	1,400
-	-	-	-	-	-	1,741
-	-	-	-	-	-	1,178
-	-	-	-	-	-	253
-	-	-	-	-	122	2,629
-	-	-	-	-	6,624	12,503
-	-	-	-	-	-	59,447
-	-	-	-	-	-	10,826
-	-	-	-	-	-	1,631
-	-	-	-	-	18,620	20,378
-	-	-	-	-	-	19,230
-	-	-	-	-	-	7,512
-	-	-	-	-	-	1,656
-	-	-	-	-	-	613
-	-	-	-	-	-	\$ 250

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
130 Pre-School Programs:		
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
400 Supplies and Materials	\$ -	4,136
139 Early Childhood Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
140 Special Programs:		
148 Gifted and Talented - Artistic:		
100 Salaries	40,270	-
200 Employee Benefits	17,088	-
149 Other Special Programs:		
300 Purchased Services	-	-
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	192,015
200 Employee Benefits	-	56,370
300 Purchased Services	-	3,363
400 Supplies and Materials	-	3,981
170 Summer School Programs:		
175 Instructional Programs Beyond Regular School Day:		
400 Supplies and Materials	-	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education (EA Projects) (918)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
350	-	-	-	-	856	\$ 5,342
-	-	-	-	-	25,346	25,346
-	-	-	-	-	4,307	4,307
-	-	-	-	-	3,516	3,516
-	-	-	-	-	719	719
-	-	-	-	-	-	40,270
-	-	-	-	-	-	17,088
-	-	-	-	-	11,151	11,151
17,595	-	-	-	-	-	209,610
3,799	-	-	-	-	-	60,169
-	-	-	-	-	-	3,363
2,028	-	-	-	-	714	6,723
-	-	-	-	3,749	-	3,749
-	-	-	-	-	29,771	29,771
-	-	-	-	-	6,384	6,384
-	-	-	100	-	7,580	7,680
-	-	-	15,028	-	6,406	21,434
-	-	-	29,570	-	4,356	33,926
-	-	-	9,900	-	936	10,836
-	-	-	-	-	39,576	39,576
-	-	-	225	-	-	225
-	-	-	-	-	24,097	24,097
-	-	-	-	-	3,026	3,026
-	-	-	779	-	-	\$ 779

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
188 Parenting/Family Literacy:		
300 Purchased Services	\$ 1,571	-
400 Supplies and Materials	5,153	-
Total Instruction	<u>674,702</u>	<u>571,406</u>
200 Support Services:		
210 Pupil Services:		
211 Attendance and Social Work Services:		
300 Purchased Services	-	2,328
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
213 Health Services:		
100 Salaries	-	94,441
200 Employee Benefits	-	28,795
300 Purchased Services	-	64,082
400 Supplies and Materials	-	3,008
214 Psychological Services:		
100 Salaries	-	68,340
200 Employee Benefits	-	20,102
300 Purchased Services	-	6,211
400 Supplies and Materials	-	3,669
600 Other Objects	-	655
215 Exceptional Program Services:		
600 Other Objects	-	2,066
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	-	183
200 Employee Benefits	-	39
300 Purchased Services	-	-
400 Supplies and Materials	-	196
223 Supervision of Special Programs:		
100 Salaries	-	121,064
200 Employee Benefits	-	34,001
300 Purchased Services	13,192	121
400 Supplies and Materials	-	6,603
600 Other Objects	-	601
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	3,884	20,254
400 Supplies and Materials	\$ 1,372	1,167

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education (EA Projects) (918)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	-	\$ 1,571
-	-	-	-	-	-	5,153
25,910	77,924	-	55,602	419,921	344,693	2,170,158
-	-	-	-	-	-	2,328
-	-	-	-	165,782	-	165,782
-	-	-	-	37,958	-	37,958
-	-	-	-	190,209	34,174	318,824
-	-	-	-	-	10,044	38,839
-	-	-	-	-	120,020	184,102
-	-	-	-	-	23,737	26,745
-	-	-	-	-	-	68,340
-	-	-	-	-	-	20,102
-	-	-	-	-	-	6,211
-	-	-	-	-	-	3,669
-	-	-	-	-	-	655
-	-	-	-	-	-	2,066
-	-	-	-	-	-	183
-	-	-	-	-	-	39
-	-	-	-	-	4,618	4,618
-	-	-	-	-	-	196
-	-	-	-	-	-	121,064
-	-	-	-	-	-	34,001
-	-	-	129	-	2,566	16,008
-	-	-	800	-	83	7,486
-	-	-	-	-	-	601
-	-	-	-	4,066	53,092	57,158
-	-	-	-	441	13,087	13,528
-	-	-	-	50,423	95,678	170,239
-	-	-	-	5,668	6,568	\$ 14,775

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2012

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
250 Finance and Operations Services:		
254 Operation and Maintenance of Plant:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
Total Support Services	<u>18,448</u>	<u>477,926</u>
410 Intergovernmental Expenditures:		
720 Transits	-	-
415 Payments to Nonprofit Entities (for First Steps)		
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>693,150</u>	<u>1,049,332</u>
OTHER FINANCING SOURCES (USES)		
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCES, Beginning of Year	<u>-</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ -</u>	<u>-</u>

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Drug Free (FP/FQ Projects) (209)	Adult Education (EA Projects) (918)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	-	33,158	\$ 33,158
-	-	-	-	-	7,015	7,015
-	-	-	1,366	-	-	1,366
-	-	-	3,395	-	43,556	46,951
-	-	-	5,690	454,547	447,396	1,404,007
-	-	-	-	-	65,329	65,329
-	-	-	-	-	65,329	65,329
25,910	77,924	-	61,292	874,468	857,418	3,639,494
-	-	-	-	-	-	-
-	-	-	(26,267)	-	55,129	28,862
-	-	-	246,814	-	312,890	559,704
-	-	-	220,547	-	368,019	\$ 588,566

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2012

OTHER DESIGNATED RESTRICTED STATE GRANTS

916	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)
928	EEDA Career Awareness
932	EAA Bus Driver Salary and Fringe
933	Formative Assessment
936	Student Health and Fitness - Nurses
937	Student Health and Fitness - PE Teachers
938	High Schools That Works
945	South Carolina Reading Initiative
960	K-5 Enhancement
967	6-8 Enhancement
968	High School That Works

OTHER SPECIAL REVENUE PROGRAMS

212	Ag Teacher
214	Medicaid
215	IDEA (ARRA)
217	McKinney-Vento Homeless Educational Assistance Act (ARRA), Title VII
218	i3 Reading Recovery
222	American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant (Carryover Provision)
227	McKinney-Vento Homeless Educational Assistance Act (ARRA), Title VII
242	Even Start Family Literacy
243	Adult Education - Federal
251	Energy Grant
264	Title III
267	Improving Teacher Quality (Carryover Provision)
277	ROTC
284	First Steps

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2012

SUBFUND	REVENUE CODE	PROGRAMS	REVENUES	EXPENDITURES	SPECIAL REVENUE		Special Revenue Fund Deferred
					INTERFUND TRANSFERS IN (OUT)	OTHER FUND TRANSFERS IN (OUT)	
916	3991	ADEPT (Assisting, Developing, and Evaluating Professional Teaching)(Carryover Only)	\$ 4,501	4,501	-	-	\$ -
928	3118	EEDA Career Specialist	203,740	203,740	-	-	-
932	3161	EAA Bus Driver Salary and Fringe	-	-	-	-	4,276
933	3123	Formative Assessment	39,537	39,537	-	-	18,113
936	3136	Student Health and Fitness - Nurses	190,209	190,209	-	-	-
937	3127	Student Health and Fitness - PE Teachers	48,988	48,988	-	-	-
938	3128	High Schools That Work	10,387	10,387	-	-	11,495
945	3195	South Carolina Reading Initiative	60,000	60,000	-	-	42,726
960	3610	K-5 Enhancement	305,885	305,885	-	-	293,916
967	3607	6-8 Enhancement	11,221	11,221	-	-	7,444
968	3608	High Schools That Work	-	-	-	-	5,660
Totals			\$ 874,468	874,468	-	-	\$ 383,630

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2012

	ACTUAL
REVENUES	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3511 Professional Development	\$ 44,565
3525 Career and Technology Education Equipment	60,634
3526 Refurbishment of K-8 Science Kits	36,031
3530 Trainable & Profoundly Mentally Disabled Student Services (Students with Moderate to Severe Intellectual Disabilities)	12,396
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	810,912
3533 Teacher of the Year Awards	1,077
3538 Student at Risk of School Failure	900,680
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	95,896
3542 Preschool Programs for Children with Disabilities	15,957
3544 High Achieving Students	224,616
3550 Teacher Salary Increase (No Carryover Provision)	922,891
3556 Adult Education	245,606
3577 Teacher Supplies (No Carryover Provision)	121,000
3592 Work-Based Learning	18,757
Total Revenue from State Sources	3,511,018
TOTAL REVENUE ALL SOURCES	3,511,018

EXPENDITURES

100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	96,469
200 Employee Benefits	20,638
112 Primary Programs:	
100 Salaries	773,109
200 Employee Benefits	192,744
300 Purchased Services	215
400 Supplies and Materials	61,036
600 Other Objects	300
113 Elementary Programs:	
100 Salaries	582,821
200 Employee Benefits	133,970
400 Supplies and Materials	62,031
114 High School Programs:	
100 Salaries	276,030
200 Employee Benefits	58,736
400 Supplies and Materials	\$ 35,500

(Continued)

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2012

	ACTUAL
115 Career and Technology Education Program:	
100 Salaries	\$ 57,941
200 Employee Benefits	8,330
400 Supplies and Materials	60,634
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	14,787
200 Employee Benefits	3,166
122 Trainable Mentally Handicapped:	
100 Salaries	18,117
200 Employee Benefits	1,189
124 Visually Handicapped:	
100 Salaries	2,105
200 Employee Benefits	448
125 Hearing Handicapped:	
100 Salaries	884
200 Employee Benefits	185
126 Speech Handicapped:	
100 Salaries	12,039
200 Employee Benefits	2,553
127 Learning Disabilities:	
100 Salaries	92,188
200 Employee Benefits	19,522
128 Emotionally Handicapped:	
100 Salaries	15,896
200 Employee Benefits	3,384
130 Pre-School Programs:	
137 Preschool Hanicapped Self Contained (3 & 4 Yr. Olds):	
100 Salaries	19,417
200 Employee Benefits	744
139 Early Childhood Programs:	
100 Salaries	93,260
200 Employee Benefits	22,798
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	155,338
200 Employee Benefits	47,908
300 Purchased Services	21,370
160 Other Exceptional Programs:	
161 Autism:	
100 Salaries	2,880
200 Employee Benefits	\$ 551

(Continued)

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

Schedule B-4

EDUCATION IMPROVEMENT ACT

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

YEAR ENDED JUNE 30, 2012

	ACTUAL
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	\$ 40,145
200 Employee Benefits	14,683
300 Purchased Services	32,276
182 Adult Secondary Education Programs:	
100 Salaries	19,068
200 Employee Benefits	4,054
300 Purchased Services	781
400 Supplies and Materials	1,023
187 Adult Education - Remedial:	
100 Salaries	8,789
200 Employee Benefits	1,888
Total Instruction	<u>3,093,940</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	63,394
200 Employee Benefits	13,555
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	27,995
200 Employee Benefits	5,998
222 Library and Media:	
100 Salaries	15,058
200 Employee Benefits	21,333
223 Supervision of Special Programs:	
100 Salaries	169,442
140 Terminal Leave	3,582
200 Employee Benefits	46,202
300 Purchased Services	5,505
400 Supplies and Materials	450
224 Improvement of Instruction - Inservice and Staff Training:	
100 Salaries	8,929
200 Employee Benefits	2,416
300 Purchased Services	33,219
Total Support Services	<u>417,078</u>
TOTAL EXPENDITURES	<u>3,511,018</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2012

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Deferred Revenue
3500 Education Improvement Act:					
3509 Arts in Education	\$ -	-	-	-	\$ 12,236
3511 Professional Development	44,565	44,565	-	-	31,118
3525 Career and Technology Education Equipment	60,634	60,634	-	-	-
3526 Refurbishment of K-8 Science Kits	36,031	36,031	-	-	-
3530 Trainable & Profoundly Mentally Disabled Student Services (Students with Moderate to Severe Intellectual Disabilities)	12,396	12,396	-	-	-
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	810,912	810,912	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3538 Student at Risk of School Failure	900,680	900,680	-	-	768,741
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	95,896	95,896	-	-	-
3542 Preschool Programs for Children with Disabilities	15,957	15,957	-	-	-
3544 High Achieving Students	224,616	224,616	-	-	199,156
3550 Teacher Salary Increase (No Carryover Provision)	922,891	922,891	-	-	-
3556 Adult Education	245,606	245,606	-	-	80,100
3558 Reading	-	-	-	-	77,554
3562 Adult Ed Basic	-	-	-	-	89,900
3575 Competitive Teacher Grants	-	-	-	-	1,174
3577 Teacher Supplies (No Carryover Provision)	121,000	121,000	-	-	-
3585 Aid to Districts-Special Education	-	-	-	-	284,473
3588 IDEA MOE Special Allocation	-	-	-	-	426,629
3591 Middle School Initiative	-	-	-	-	29,320
3592 School-to-Work Transition Act	18,757	18,757	-	-	-
3596 EAA Alternative Schools Program	-	-	-	-	4,247
3597 Aid to Districts	-	-	-	-	200,169
3598 Cost of Allocations	-	-	-	-	22,110
3599 Other EIA	-	-	-	-	30,734
Totals	\$ 3,511,018	3,511,018	-	-	\$ 2,257,661

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

YEAR ENDED JUNE 30, 2012

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

Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

Debt Service Fund

The *Debt Service Fund, a major fund* and an unbudgeted fund, is used to account for the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest and related costs for the School District.

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

Schedule C-1

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 11,960,467
1140 Penalties & Interest on Taxes (Independent)	353,222
1500 Earnings on Investments:	
1510 Interest on Investments	30,829
Total Revenue from Local Sources	<u>12,344,518</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption (Tier 2)	183,903
3830 Merchant's Inventory Tax	4,111
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	17,076
Total Revenue from State Sources	<u>205,090</u>
TOTAL REVENUE ALL SOURCES	<u>12,549,608</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	8,295,000
620 Interest	3,142,007
690 Other Objects (Includes Fees for Servicing Bonds)	1,400
Total Debt Service	<u>11,438,407</u>
TOTAL EXPENDITURES	<u>11,438,407</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
424-710 Transfer to Capital Projects Fund (See Note III.D. of the notes to the basic financial statements)	(5,023,056)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,023,056)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(3,911,855)
FUND BALANCE, Beginning of Year	<u>12,769,915</u>
FUND BALANCE, End of Year	<u>\$ 8,858,060</u>

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Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

Capital Projects Fund

The *Capital Projects Fund, a major fund* and an unbudgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to site acquisitions, construction, equipment, and renovation of all major capital facilities.

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CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2012

	ACTUAL
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 91,963
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	685,593
Total Revenue from Local Sources	<u>777,556</u>
TOTAL REVENUE ALL SOURCES	<u>777,556</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	216,820
400 Supplies and Materials	1,510,095
500 Capital Outlay:	
510 Land	425
520 Construction Services	11,254,709
550 Vehicles	115,292
Total Finance and Operations	<u>13,097,341</u>
500 Debt Service:	
620 Interest	23,056
690 Other Objects	5,845
Total Debt Service	<u>28,901</u>
TOTAL EXPENDITURES	<u>13,126,242</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Exclude Indirect Costs)	6,500,000
5240 Transfer from Debt Service Fund (See Note III.D. of the notes to the basic financial statements)	5,023,056
TOTAL OTHER FINANCING SOURCES (USES)	<u>11,523,056</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(825,630)
FUND BALANCE, Beginning of Year	<u>38,094,015</u>
FUND BALANCE, End of Year	<u>\$ 37,268,385</u>

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Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

Special Revenue-Food Service

The *Food Service Fund, a major fund* and an unbudgeted fund, is used to account for and report the United States Department of Agriculture's approved school breakfast and lunch program. The principal operating revenues of the Fund are charges to students and teachers for breakfast, lunch and special sales. Operating expenses for the Fund include the cost of sales and administrative expenses.

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FOOD SERVICE FUND

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

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 115
1600 Food Service:	
1610 Lunch Sales to Pupils	788,769
1620 Breakfast Sales to Pupils	39,954
1630 Special Sales to Pupils	309,691
1640 Lunch Sales to Adults	27,998
1650 Breakfast Sales to Adults	2,308
1660 Special Sales to Adults	28,458
1900 Other Revenue from Local Sources:	
1990 Miscellaneous Revenue	24,371
1999 Revenue from Other Local Sources	13,378
Total Revenue from Local Sources	<u>1,235,042</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	209
Total Revenue from State Sources	<u>209</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	967,602
4830 School Breakfast Program	211,664
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	150,293
4999 Revenue from Other Federal Sources	3,741
Total Revenue from Federal Sources	<u>1,333,300</u>
TOTAL REVENUE ALL SOURCES	<u>2,568,551</u>
EXPENSES	
256 Food Service:	
100 Salaries	874,491
200 Employee Benefits	148,902
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	1,351,622
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	186,829
500 Capital Outlay	33,095
600 Other Objects	4,242
Total Food Services Expenses	<u>2,599,181</u>
TOTAL EXPENSES	<u>\$ 2,599,181</u>

(Continued)

FOOD SERVICE FUND

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

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	\$ (123,564)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(123,564)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(154,194)
FUND NET ASSETS, Beginning of Year	<u>510,436</u>
FUND NET ASSETS, End of Year	<u>\$ 356,242</u>

Clover School District No. 2
Clover, South Carolina

Comprehensive Annual Financial Report

Fiduciary Fund-Agency-Pupil Activity

Fiduciary Fund Types are used to account for expendable assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include Agency Funds. Fiduciary Fund Types include the following:

The *Agency Fund*, an unbudgeted fund, accounts for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity (assets are equal to liabilities) and do not include revenues and expenditures for the general operation of the School District. This accounting reflects the agency relationship of the School District with the student activity organizations.

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PUPIL ACTIVITY FUND

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

YEAR ENDED JUNE 30, 2012

	<u>ACTUAL</u>
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 3
1700 Pupil Activities:	
1710 Admissions	131,029
1720 Bookstore Sales	8,824
1740 Student Fees	302,550
1790 Other	910,742
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	17,447
1990 Miscellaneous Local Revenue	378
Total Receipts from Local Sources	<u>1,370,973</u>
TOTAL RECEIPTS ALL SOURCES	<u>1,370,973</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
100 Salaries (Optional)	29,080
200 Employee Benefits (Optional)	4,700
400 Supplies and Materials (Optional)	59,935
660 Pupil Activity	27,497
Total Instruction	<u>121,212</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries (Optional)	22,127
200 Employee Benefits (Optional)	10,891
300 Purchased Services (Optional)	45,894
400 Supplies and Materials (Optional)	130,026
660 Pupil Activity	1,298,704
Total Pupil Activity Expenditures	<u>1,507,642</u>
TOTAL DISBURSEMENTS	<u>1,628,854</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	245,090
TOTAL OTHER FINANCING SOURCES (USES)	<u>245,090</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENSES	(12,791)
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>503,562</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 490,771</u>

PUPIL ACTIVITY FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES IN DUE TO STUDENT ORGANIZATIONS

YEAR ENDED JUNE 30, 2012

	Balance at June 30, 2011	Additions	Deductions	Balance at June 30, 2012
ASSETS				
Cash and Cash Equivalents	\$ 11,100	1,630,913	1,630,913	\$ 11,100
Investments	18,422	-	-	18,422
Receivables	476,976	-	14,850	462,126
TOTAL ASSETS	\$ 506,498	1,630,913	1,645,763	\$ 491,648
LIABILITIES				
Accounts Payable	\$ 2,870	-	2,059	\$ 811
Other Payables	66	-	-	66
Due to Student Organizations	503,562	-	12,791	490,771
TOTAL LIABILITIES	\$ 506,498	-	14,850	\$ 491,648

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2012

Location ID	Location Description	Education Level	Cost Type	Total Expenditures
10	Clover High School	High School	School	\$ 20,257,440
11	Bethany Elementary	Elementary School	School	3,108,221
12	Bethel Elementary	Elementary School	School	3,643,323
13	Clover Middle	Middle School	School	5,325,035
14	Kinard Elementary	Elementary School	School	3,641,112
16	Larne Elementary	Elementary School	School	6,477,376
18	Oakridge Middle	Middle School	School	5,406,855
47	Griggs Road	Elementary School	School	4,438,385
51	Crowders Creek Elementary	Elementary School	School	7,528,419
All Others	Clover School District	Non-Schools	Central	31,633,840
				<u><u>\$ 91,460,006</u></u>

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

Fund	Amount
General Fund	\$ 55,516,810
Special Revenue Fund	3,639,494
Special Revenue - EIA Fund	3,511,018
Special Revenue - Food Service Fund	2,599,181
Debt Service Fund	11,438,407
Capital Projects Fund	13,126,242
Pupil Activity Fund	1,628,854
	<u><u>\$ 91,460,006</u></u>

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

STATISTICAL SECTION

YEAR ENDED JUNE 30, 2012

This section of the Clover School District No. 2's (the "School District") comprehensive annual financial report presents detailed trend and other information as a context for understanding what the information in the basic financial statements, notes to the basic financial statements, required supplementary information and other supplementary information says about the School District's overall financial health.

Page Number

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

101

Revenue Capacity

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

108

Debt Capacity

These schedules present information to help the reader assess the affordability of the School District's current level of outstanding debt and the School District's ability to issue additional debt in the future.

112

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

116

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District's provides and the activities it performs.

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

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CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 1

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 15,025,184	20,416,485	24,983,784	28,126,568	34,861,396	38,405,336	41,807,358	43,203,008	49,330,211	\$ 61,373,041
Restricted	1,807,658	1,823,558	2,933,549	3,978,671	4,434,834	5,960,277	9,560,878	11,502,595	13,048,685	8,941,640
Unrestricted	9,870,681	11,188,333	15,440,834	20,355,644	21,674,920	31,125,890	37,238,460	43,743,967	51,196,151	55,593,923
Total Governmental Activities Net Assets	\$ 26,703,523	33,428,376	43,358,167	52,460,883	60,971,150	75,491,503	88,606,696	98,449,570	113,575,047	\$ 125,908,604
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$ 15,025,184	20,416,485	24,983,784	28,126,568	34,861,396	38,405,336	41,807,358	43,203,008	49,330,211	\$ 61,373,041
Restricted	1,807,658	1,823,558	2,933,549	3,978,671	4,434,834	5,960,277	9,560,878	11,502,595	13,048,685	8,941,640
Unrestricted	9,870,681	11,188,333	15,440,834	20,355,644	21,674,920	31,125,890	37,238,460	43,743,967	51,196,151	55,593,923
Total Primary Government Net Assets	\$ 26,703,523	33,428,376	43,358,167	52,460,883	60,971,150	75,491,503	88,606,696	98,449,570	113,575,047	\$ 125,908,604

Note: The School District does not have any Business-Type Activities.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 2

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
Instruction	\$ 26,101,753	26,760,107	27,517,790	28,081,254	30,708,523	35,058,433	37,263,083	36,702,442	45,794,182	\$ 29,977,227
Support Services	15,893,524	15,807,810	18,141,971	23,112,773	24,897,502	25,112,929	23,980,735	32,884,022	20,419,995	40,306,410
Community Services	-	-	-	-	-	-	468	-	-	-
Intergovernmental	12,054	7,940	12,084	93,863	81,674	65,450	65,654	72,000	79,019	87,829
Interest and Other Charges	1,789,032	1,659,461	1,502,783	1,338,467	1,182,999	3,191,967	3,560,048	3,099,902	3,015,588	2,982,741
Loss on disposal of Assets	-	12,113	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	43,796,363	44,247,431	47,174,628	52,626,357	56,870,698	63,428,779	64,869,988	72,758,366	69,308,784	73,354,207
Total Primary Government Expenses	\$ 43,796,363	44,247,431	47,174,628	52,626,357	56,870,698	63,428,779	64,869,988	72,758,366	69,308,784	\$ 73,354,207
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	\$ 46,443	54,210	4,035	-	6,218	6,366	19,346	5,808	-	\$ -
Support Services	906,232	908,619	1,951,354	2,187,874	2,311,336	2,561,532	2,605,101	2,804,977	2,630,142	2,758,761
Operating Grants and Contributions	11,174,636	12,431,445	14,354,921	16,656,276	18,139,281	22,517,840	20,467,773	21,759,885	21,512,659	20,399,438
Total Governmental Activities Program Revenues	12,127,311	13,394,274	16,310,310	18,844,150	20,456,835	25,085,738	23,092,220	24,570,670	24,142,801	23,158,199
Total Primary Government Program Revenues	\$ 12,127,311	13,394,274	16,310,310	18,844,150	20,456,835	25,085,738	23,092,220	24,570,670	24,142,801	\$ 23,158,199
Net (Expense)/Revenue										
Governmental Activities	\$ (31,669,052)	(30,853,157)	(30,864,318)	(33,782,207)	(36,413,863)	(38,343,041)	(41,777,768)	(48,187,696)	(45,165,983)	\$ (50,196,008)
Total Primary Government Net (Expense)/Revenue	\$ (31,669,052)	(30,853,157)	(30,864,318)	(33,782,207)	(36,413,863)	(38,343,041)	(41,777,768)	(48,187,696)	(45,165,983)	\$ (50,196,008)

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 2

CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes by Source:										
Property Tax - General Operations	\$ 26,943,936	27,660,037	29,438,093	31,724,393	33,874,809	29,906,351	31,316,933	33,935,039	36,337,679	\$ 38,224,297
Property Tax - Debt Service	7,178,887	7,014,439	7,251,929	7,476,838	7,035,731	9,758,303	11,821,019	12,509,486	12,794,150	12,230,388
State Revenue in Lieu of Taxes	-	-	-	-	-	10,190,980	10,516,488	10,790,718	10,541,351	10,912,506
Other Taxes	2,305,930	2,386,246	2,382,967	2,491,252	2,564,324	178,173	212,325	199,004	237,190	205,090
Unrestricted Investment Earnings	177,091	212,868	434,144	976,845	1,321,834	2,788,872	925,869	295,386	249,815	208,345
Miscellaneous	207,672	262,155	195,336	215,595	127,432	40,715	100,327	300,937	131,275	748,939
Other Revenues	14,950	42,265	-	-	-	-	-	-	-	-
Total Governmental Activities	36,828,466	37,578,010	39,702,469	42,884,923	44,924,130	52,863,394	54,892,961	58,030,570	60,291,460	62,529,565
Total Primary Government	\$ 36,828,466	37,578,010	39,702,469	42,884,923	44,924,130	52,863,394	54,892,961	58,030,570	60,291,460	\$ 62,529,565
Change in Net Assets:										
Governmental Activities	\$ 5,159,414	6,724,853	8,838,151	9,102,716	8,510,267	14,520,353	13,115,193	9,842,874	15,125,477	\$ 12,333,557
Total Primary Government	\$ 5,159,414	6,724,853	8,838,151	9,102,716	8,510,267	14,520,353	13,115,193	9,842,874	15,125,477	\$ 12,333,557

Note: The School District does not have any Business-Type Activities.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 3

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	Fiscal Year									
General Fund										
Pre-GASB #54 ¹										
Unreserved	\$ 6,332,836	9,069,960	11,593,258	9,096,369	12,401,089	13,382,734	14,104,489	14,156,604	-	\$ -
Post GASB #54 ¹										
Unassigned	-	-	-	-	-	-	-	-	14,833,765	15,927,336
Total General Fund	<u>\$ 6,332,836</u>	<u>9,069,960</u>	<u>11,593,258</u>	<u>9,096,369</u>	<u>12,401,089</u>	<u>13,382,734</u>	<u>14,104,489</u>	<u>14,156,604</u>	<u>14,833,765</u>	<u>\$ 15,927,336</u>
All Other Governmental Funds										
Pre-GASB #54 ¹										
Reserved	\$ 1,807,658	1,823,558	5,636,574	4,070,269	4,542,357	6,861,427	19,715,821	19,549,379	-	\$ -
Unreserved, Reported In:										
Special Revenue Funds	509,650	740,030	-	-	340,493	314,157	232,473	291,481	-	-
Capital Projects Funds	3,096,005	1,432,349	2,700,000	9,810,972	7,851,985	60,388,713	21,373,477	27,381,213	-	-
Post GASB #54 ¹										
Non-Spendable	-	-	-	-	-	-	-	-	22,391	22,391
Restricted	-	-	-	-	-	-	-	-	17,210,052	9,412,458
Assigned	-	-	-	-	-	-	-	-	34,388,737	37,268,385
Unassigned	-	-	-	-	-	-	-	-	312,890	368,019
Total All Other Governmental Funds	<u>\$ 5,413,313</u>	<u>3,995,937</u>	<u>8,336,574</u>	<u>13,881,241</u>	<u>12,734,835</u>	<u>67,564,297</u>	<u>41,321,771</u>	<u>47,222,073</u>	<u>51,934,070</u>	<u>\$ 47,071,253</u>

Note 1: The School District implemented GASB #54 "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB #54") in 2011. GASB #54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The School District has elected to apply GASB #54 prospectively - and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

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CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	\$ 26,925,767	27,632,440	29,340,845	31,419,414	34,210,007	29,730,266	31,046,150	33,548,591	35,686,233	\$ 38,760,230
Property Tax - Debt Service	7,178,887	7,014,440	7,227,231	7,407,695	7,126,752	9,700,021	11,726,553	12,413,122	12,721,614	12,313,689
Investment Earnings	176,010	210,596	434,144	976,845	1,321,834	2,788,872	925,869	295,386	249,815	208,345
Other Local Sources	1,272,361	1,269,521	1,489,397	1,823,686	1,839,779	1,781,707	1,695,889	2,095,585	1,820,037	2,377,875
State Sources	11,314,304	12,735,658	10,748,512	13,354,218	15,021,348	26,319,057	25,477,622	24,569,343	27,447,753	28,917,591
Federal Sources	2,063,943	2,080,510	2,563,399	2,819,437	2,844,980	3,248,377	3,238,428	5,831,241	5,782,171	3,729,057
Intergovernmental Revenue	6,335	16,546	4,042,868	3,553,656	3,442,484	4,146,465	3,509,421	3,365,160	2,656	209
Total Revenues	\$ 48,937,607	50,959,711	55,846,396	61,354,951	65,807,184	77,714,765	77,619,932	82,118,428	83,710,279	\$ 86,306,996
Expenditures										
Current:										
Instruction	\$ 25,197,406	25,655,990	26,608,300	28,506,093	29,571,608	33,411,441	35,758,030	37,389,723	37,313,059	\$ 38,433,879
Support Services	14,362,809	15,143,099	16,697,968	22,348,356	25,195,275	42,516,654	24,362,721	32,265,038	25,985,792	28,338,035
Intergovernmental	12,054	7,940	12,084	93,863	81,674	65,450	65,654	72,000	79,019	87,829
Capital Outlay	1,311,595	1,552,504	3,450,411	349,979	1,863,094	503,381	36,184,932	346,952	13,564,027	11,504,101
Debt Service:										
Principal	5,325,000	5,520,000	5,465,000	5,500,000	5,600,000	3,700,000	3,200,000	2,640,000	8,040,000	8,295,000
Interest and Fiscal Charges	1,851,786	1,658,380	1,533,424	1,391,242	1,206,219	2,400,556	3,673,709	3,247,298	3,226,778	3,172,308
Other Charges	53,792	2,305	-	-	-	-	-	-	-	-
Total Expenditures	\$ 48,114,442	49,540,218	53,767,187	58,189,533	63,517,870	82,597,482	103,245,514	75,961,011	88,208,675	\$ 89,831,152
Excess of Revenues Over (Under) Expenditures	\$ 823,165	1,419,493	2,079,209	3,165,418	2,289,314	(4,882,717)	(25,625,582)	6,157,417	(4,498,396)	\$ (3,524,156)

(Continued)

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)										
Transfers In	\$ 4,500,000	-	2,744,437	6,999,487	799,189	10,306,576	7,110,233	10,903,369	7,000,271	\$ 11,646,620
Transfers Out	(4,621,204)	(99,745)	(2,700,000)	(7,117,127)	(930,189)	(10,472,176)	(7,262,733)	(11,108,369)	(7,205,361)	(11,891,710)
Proceeds of Bonds Sold	6,500,000	-	-	-	-	-	-	-	-	-
Premium on Bonds Sold	24,998	-	-	-	-	2,359,424	377,363	-	92,644	-
Issuance of General Obligation Bonds	-	-	4,500,000	-	-	58,500,000	-	-	10,000,000	-
Issuance of Refunding Bonds	1,385,000	-	-	-	-	-	14,100,000	-	-	-
Payment to Refunded Debt Escrow Agent	(1,363,793)	-	-	-	-	-	(14,220,052)	-	-	-
Total Other Financing Sources (Uses)	6,425,001	(99,745)	4,544,437	(117,640)	(131,000)	60,693,824	104,811	(205,000)	9,887,554	(245,090)
Net Change in Fund Balances	\$ 7,248,166	1,319,748	6,623,646	3,047,778	2,158,314	55,811,107	(25,520,771)	5,952,417	5,389,158	\$ (3,769,246)
Capital Asset Expenditures	\$ 312,090	7,902,769	2,578,173	1,619,252	2,651,207	17,980,791	36,893,536	3,507,833	13,904,533	\$ 11,524,345
Debt Service as a Percentage of Noncapital Expenditures	15.0%	17.2%	13.7%	12.2%	11.2%	9.4%	10.4%	8.1%	15.2%	14.6%

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property			Assessed Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property		Motor Vehicles	Other				
2003	\$ 49,252,937	6,716,310		17,924,876	159,622,682	233,516,805	143.50	\$ 2,937,001,450	8.0%
2004	52,299,475	7,131,747		17,239,638	152,104,747	228,775,607	149.50	2,942,382,315	7.8%
2005	55,351,096	7,547,877		16,445,278	151,349,695	230,693,946	156.00	3,013,553,174	7.7%
2006	59,352,200	8,093,482		17,446,717	150,460,494	235,352,893	162.00	3,127,028,448	7.5%
2007	79,797,671	10,881,501		17,841,579	150,636,693	259,157,444	157.00	3,460,876,268	7.5%
2008	86,488,506	11,793,887		17,703,520	148,093,419	264,079,332	173.00	3,613,790,431	7.3%
2009	96,180,624	13,115,540		17,276,370	149,163,738	275,736,272	185.00	4,054,380,001	6.8%
2010	103,138,977	14,064,406		15,433,607	156,665,598	289,302,588	191.00	4,279,139,425	6.8%
2011	105,746,631	14,419,995		15,204,452	160,696,536	296,067,614	196.00	4,421,820,551	6.7%
2012	\$ 111,167,504	15,159,205		16,377,365	170,226,013	312,930,087	197.00	\$ 4,647,084,712	6.7%

Source: York County Government

Note: Property in the county was last reassessed for fiscal year 2012. Tax rates are per \$1,000 of assessed value. Beginning in fiscal year 2003, the state legislature decreased the vehicle tax assessment rate by .75% per year until the rate was lowered to 6% in fiscal year 2008.

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

TABLE 6

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Clover School District Two			Overlapping Rates ¹			Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total Millage	Town of Clover Millage	York County Incorporated Millage	York County Unincorporated ² Millage	
2003	112.000	31.500	143.500	106.000	53.500	6.100	309.100
2004	118.000	31.500	149.500	106.000	58.000	6.500	320.000
2005	124.000	32.000	156.000	85.000	62.200	6.500	309.700
2006	130.000	32.000	162.000	106.000	66.800	8.900	343.700
2007	129.000	28.000	157.000	106.000	62.600	9.400	335.000
2008	135.000	38.000	173.000	110.000	66.000	9.400	358.400
2009	141.000	44.000	185.000	110.000	66.000	9.600	370.600
2010	147.000	44.000	191.000	110.000	66.000	9.600	376.600
2011	152.000	44.000	196.000	110.000	66.000	9.600	381.600
2012	157.000	40.000	197.000	110.000	62.500	9.400	378.900

Source: Clover School District Two and York County Government

Note 1: Overlapping rates are those of local and county governments that apply to property owners within the Clover School District Two. Not all overlapping rates apply to all of the Clover School District Two property owners (i.e., the rates for special districts apply only to the proportion of the

Clover School District Two's property owners whose property is located within the geographic boundaries of the special district).

2: The Unincorporated tax rates for York County are levied on all property for taxpayers who do not reside within a municipality.

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

TABLE 7

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
NC Municipal Power Agency #1	\$ 66,651,798	1	21.3%	\$ 53,038,860	1	22.7%
NC Electric Membership Corp	43,891,030	2	14.0%	45,675,660	2	19.6%
Duke Energy Corporation	26,666,972	3	8.5%	19,271,480	3	8.3%
Piedmont Municipal Power	20,594,550	4	6.6%	17,991,210	4	7.7%
York Electric Coop Inc.	1,830,013	5	0.6%	1,092,260	7	0.5%
The Village At Lake Wylie LLC	1,341,600	6	0.4%	1,122,600	6	0.5%
Performance Friction Corp	1,045,780	7	0.3%	-		
Wal-Mart Real Estate Bus. Trst	810,104	8	0.3%	-		
Handsmill Enterprises LLC	687,181	9	0.2%	-		
Lowe's Home Centers Inc.	666,882	10	0.2%	-		
Saluda River Electric Coop Inc.	-			11,210,010	5	4.8%
Four Leaf Textiles LLC	-			934,408	8	0.4%
Stowe Pharr Mills Inc.	-			814,660	9	0.3%
The Dexter & Birdie Yager Family Partnership	-			690,596	10	0.3%
Totals	\$ 164,185,910		52.5%	\$ 151,841,744		65.0%

Source: York County Government

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Original Tax		Adjustments to		Adjusted Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Levy for Fiscal Year	Levy for Fiscal Year	Original Tax Levy for Fiscal Year	Original Tax Levy for Fiscal Year		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 31,126,638		5,977,961	37,104,599	\$ 35,607,996	\$	96.0%	800,815	\$ 36,408,811	98.1%
2004	33,641,748		4,285,217	37,926,965	36,171,183		95.4%	875,150	37,046,333	97.7%
2005	33,490,106		6,301,708	39,791,814	38,253,096		96.1%	788,622	39,041,718	98.1%
2006	17,947,578		24,104,456	42,052,034	40,438,097		96.2%	849,787	41,287,884	98.2%
2007	37,233,175		7,834,409	45,067,584	43,030,284		95.5%	1,046,688	44,076,972	97.8%
2008	43,752,084		6,099,345	49,851,429	49,127,516		98.5%	639,288	49,766,804	99.8%
2009	47,059,168		6,794,463	53,853,631	52,674,392		97.8%	825,553	53,499,945	99.3%
2010	54,901,985		2,290,276	57,192,261	56,057,146		98.0%	894,290	56,951,436	99.6%
2011	57,241,286		2,691,387	59,932,673	58,046,838		96.9%	1,114,547	59,161,385	98.7%
2012	\$ 61,101,952		1,665,057	62,767,009	\$ 60,830,035	\$	96.9%	1,361,469	\$ 62,191,504	99.1%

Source: York County Government

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

TABLE 9

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities		Total Primary Government	Percentage of Personal Income	Per Capita **
	General Obligation Bonds	Capital Leases			
2003	\$ 37,985,000	-	\$ 37,985,000	0.8%	\$ 213
2004	32,465,000	-	32,465,000	0.6%	177
2005	31,500,000	-	31,500,000	0.6%	166
2006	26,000,000	-	26,000,000	0.4%	131
2007	20,400,000	-	20,400,000	0.3%	98
2008	75,200,000	-	75,200,000	1.0%	346
2009	72,400,000	-	72,400,000	1.0%	319
2010	69,760,000	-	69,760,000	0.9%	\$ 309
2011	71,720,000	-	71,720,000	N/A	N/A
2012	\$ 63,425,000	-	\$ 63,425,000	N/A	N/A

Note: Details regarding the Clover School District Two's outstanding debt can be found in the notes to the basic financial statements. See the Schedule of Demographic and Economic Statistics for personal income and population data.
N/A = Not Available

** Per Capita data represents York County.

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

TABLE 10

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	\$ 37,985,000	1,807,658	\$ 36,177,342	1.2%	\$ 203
2004	32,465,000	1,823,558	30,641,442	1.0%	167
2005	31,500,000	2,297,189	29,202,811	1.0%	154
2006	26,000,000	3,074,159	22,925,841	0.7%	115
2007	20,400,000	3,714,726	16,685,274	0.5%	80
2008	75,200,000	5,963,067	69,236,933	1.9%	318
2009	72,400,000	9,290,287	63,109,713	1.6%	278
2010	69,760,000	11,060,374	58,699,626	1.4%	\$ 260
2011	71,720,000	12,769,915	58,950,085	1.3%	N/A
2012	\$ 63,425,000	8,858,060	\$ 54,566,940	1.2%	N/A

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

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

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

N/A = Not Available

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

Table 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2012

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Town of Clover	\$ 467,779	100.0%	\$ 467,779
York County Government	\$ 59,827,161	28.3%	16,942,522
Subtotal, Overlapping Debt			17,410,301
Clover School District Two Direct Debt			63,425,000
Total Direct and Overlapping Debt			<u>\$ 80,835,301</u>

Sources: Assessed value data used to estimate applicable percentages and amount of debt outstanding provided by the applicable County and City.

Note 1: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Clover School District Two's taxable assessed value that is within the government's boundaries and dividing it by York County's total taxable assessed value.

2: Overlapping rates are those of local and county governments that apply to property owners within Clover School District Two. Not all overlapping rates apply to all of the Clover School District Two's property owners (i.e., the rates for special districts apply only to the proportion of the Clover School District Two's property owners whose property is located within the geographic boundaries of the special district).

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

Table 12

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	Fiscal Year									
	2003	2004	2005	2007	2008	2009	2010	2011	2012	
Debt Limit	\$ 18,681,344	18,302,049	18,455,516	20,732,596	21,126,347	22,058,902	23,144,207	23,685,409	\$ 25,092,794	
Total Net Debt Applicable to Debt Limit	11,235,000	7,565,000	8,500,000	1,500,000	-	-	-	5,000,000	-	
Legal Debt Margin	\$ 7,446,344	10,737,049	9,955,516	19,232,596	21,126,347	22,058,902	23,144,207	18,685,409	\$ 25,092,794	
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	60.1%	41.3%	46.1%	7.2%	0.0%	0.0%	0.0%	21.1%	0.0%	

Legal Debt Margin Calculation for Fiscal Year

Total Assessed Value	\$ 312,930,087
Debt Limit (8% of Total Assessed Value)	25,034,407
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	63,425,000
Less: Debt Issued Through Referendum	(63,425,000)
Total Amount of Debt Applicable to Debt Limit	-
Legal Debt Margin	\$ 25,034,407

Note: Article Eight (8), Section Seven (7) of the South Carolina Constitution of 1895, as amended, provides that no government shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein without voter approval.

Assessed value obtained from York County Auditor's Office.

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

TABLE 13

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	(1) Population	(2) Personal Income*	(2) Per Capita Personal Income	(3) ** School Enrollment	(4) Unemployment Rate
2003	178,070	\$ 4,952,497	\$ 27,778	4,810	6.4%
2004	183,762	5,272,850	28,714	5,010	8.0%
2005	190,097	5,685,147	29,904	5,114	7.8%
2006	199,035	6,281,780	31,657	5,360	7.1%
2007	208,827	6,804,919	32,627	5,654	5.7%
2008	217,448	7,305,787	33,203	6,033	6.1%
2009	227,003	7,559,634	33,302	6,203	15.2%
2010	226,073	\$ 7,468,372	\$ 32,906	6,284	15.8%
2011	230,528	N/A	N/A	6,284	13.0%
2012	N/A	N/A	N/A	6,366	10.8%

Data Sources:

- (1) South Carolina Division of Research and Statistics. This number represents the County population.
- (2) U.S. Department of Commerce, Bureau of the Census.
These numbers represent the County personal income and per capita income.
- (3) Clover School District Two
- (4) South Carolina Employment Security Commission.
This number represents the County unemployment rate.
- * In Thousands.
- ** This is the 135 day ADM and does not include 240 pre-K students.
- N/A Not Available.

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

TABLE 14

PRINCIPAL EMPLOYERS

CURRENT YEAR AND SIX YEARS AGO

UNAUDITED

Employer	2012			2006		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Wells Fargo Home Mortgage	2,335	1	2.05%	1,500	2	1.32%
Rock Hill School District	2,158	2	1.89%	2,065	1	1.81%
Ross Distribution	1,790	3	1.57%	852	5	0.75%
Piedmont Medical Center	1,531	4		-		
Fort Mill School District	1,240	5	1.09%	804	6	0.71%
Duke Power Catawba Nuclear Station	1,228	6	1.08%	1,071	3	0.94%
Citi Financial	1,100	7		-		
Clover School District	1,002	8	0.88%	794	10	0.70%
Schaeffler	968	9		-		
York County Government	967	10	0.85%	798	9	0.70%
Abitibi Bowater, Inc.	-			1,039	4	0.91%
Stacy's	-			800	7	0.70%
U. S. Foodservice	-			800	8	0.70%
Totals	14,319		9.40%	10,523		9.23%

Source: York County Government and South Carolina Virtual Onestop.

Note: These figures represent Top County Employees. Figures are not available for Clover School District No. 2
Information for the 2003 year is not readily available. The last information available is for the 2006 year.

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 15

FULL-TIME EQUIVALENT CLOVER SCHOOL DISTRICT NO. 2 EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Instruction										
Teachers	379	371	387	392	410	423	440	454	457	463
Librarians	10	10	10	10	10	10	10	10	11	11
Guidance	14	14	15	15	16	16	16	17	17	18
Other	109	119	121	133	134	141	137	150	143	152
Support Services										
Principals	8	8	8	8	9	9	9	9	9	9
Assistant Principals	13	12	13	14	14	14	15	16	16	16
Administration	17	17	17	19	20	21	19	21	23	22
Other	196	200	201	207	216	223	235	250	259	256
Total	746	751	772	798	829	857	881	927	935	947

CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

TABLE 16

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Pupil Enrollment	Modified Accrual Basis of Accounting			Accrual Basis of Accounting			Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals ³
		Operating Expenditures ¹	Cost per Pupil	Percentage Change	Expenses ²	Cost per Pupil	Percentage Change			
2003	4,810	\$ 39,626,061	\$ 8,238	30.0%	\$42,007,331	\$ 8,733	N/A	379	13	n/a
2004	5,010	34,321,052	6,851	-16.8%	42,587,970	8,501	-2.7%	371	14	n/a
2005	5,114	43,318,352	8,471	23.6%	45,671,845	8,931	5.1%	387	13	31.6%
2006	5,360	50,948,312	9,505	12.2%	51,287,890	9,569	7.1%	392	14	31.3%
2007	5,654	54,848,557	9,701	2.1%	55,687,699	9,849	2.9%	410	14	29.6%
2008	6,033	75,993,545	12,596	29.8%	60,236,812	9,985	1.4%	423	14	28.5%
2009	6,203	56,513,164	9,111	-27.7%	61,309,940	9,884	-1.0%	440	14	30.8%
2010	6,284	69,726,761	11,096	21.8%	69,658,464	11,085	12.2%	454	14	32.5%
2011	6,284	63,377,870	10,086	-9.1%	66,293,196	10,550	-4.8%	457	14	35.2%
2012	6,366	\$ 66,859,743	\$ 10,503	4.1%	\$70,371,466	\$ 11,054	4.8%	463	14	34.1%

Sources: Clover School District Two

Note 1: Operating expenditures are total expenditures in the governmental funds less debt service and capital outlay.

Note 2: Expenses are total expenses of the District's governmental activities less interest and other charges.

Note 3: The percentage of students receiving free or reduced meals is not available for fiscal year ended June 30, 2003 and 2004.

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

TABLE 17

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year

School	2003	2004	2005	2006	2007	2008	2009	2010¹	2011	2012
<u>Elementary</u>										
Bethany Elementary										
Square Feet	59,688	59,688	59,688	59,688	59,688	59,688	59,688	59,688	59,688	59,688
Capacity	440	440	440	440	440	440	440	440	440	440
Enrollment	296	291	277	264	251	290	276	265	263	264
Kinard Elementary										
Square Feet	70,820	70,820	70,820	70,820	70,820	70,820	70,820	70,820	70,820	70,820
Capacity	544	544	544	544	544	544	544	544	544	544
Enrollment	362	350	336	355	370	389	392	329	312	328
Griggs Road Elementary										
Square Feet	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Capacity	682	682	682	682	682	682	682	682	682	682
Enrollment	368	345	354	395	449	490	496	533	509	484
Bethel Elementary										
Square Feet	63,765	63,765	63,765	63,765	63,765	63,765	63,765	63,765	63,765	63,765
Capacity	490	490	490	490	490	490	490	490	490	490
Enrollment	281	356	371	402	435	476	495	358	359	352
Crowders Creek Elementary										
Square Feet	151,524	151,524	151,524	151,524	151,524	151,524	151,524	151,524	151,524	151,524
Capacity	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307	1,307
Enrollment	830	856	903	937	1,050	1,166	1,253	922	941	972
Lane Elementary										
Square Feet								121,000	121,000	121,000
Capacity								750	750	750
Enrollment								517	529	527

(Continued)

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

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

TABLE 17

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010 ¹	2011	2012
<u>Middle School</u>										
Clover Middle										
Square Feet	90,000	90,000	90,000	90,000	90,000	90,000	90,000	142,550	142,550	142,550
Capacity	885	885	885	885	885	885	885	1,094	1,094	1,094
Enrollment	505	494	426	438	468	458	456	692	667	679
Oakridge Middle										
Square Feet								180,000	180,000	180,000
Capacity								1,000	1,000	1,000
Enrollment								788	839	869
<u>Junior High</u>										
Clover Junior High										
Square Feet	142,550	142,550	142,550	142,550	142,550	142,550	142,550	142,550	142,550	142,550
Capacity	1,094	1,094	1,094	1,094	1,094	1,094	1,094	1,094	1,094	1,094
Enrollment	789	867	927	941	896	944	1,020			
<u>High</u>										
Clover High & Technology Center										
Square Feet	264,037	307,037	307,037	307,037	307,037	307,037	307,037	307,037	307,037	359,537
Capacity	1,734	2,034	2,034	2,034	2,034	2,034	2,034	2,034	2,034	2,400
Enrollment	1379	1,451	1,520	1,628	1,735	1,820	1,815	1,880	1,865	1,891

Sources: Clover School District Two

Note 1: Beginning in the 2009-2010 school year, two new schools were opened and the grade structure was realigned. The School District currently uses the format of K-5; 6-8, & 9-12.

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CLOVER SCHOOL DISTRICT NO. 2
CLOVER, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US DEPARTMENT OF AGRICULTURE				
600	National School Breakfast Program	10.553	N/A	\$ 211,664
600	National School Lunch Program - Cash Assistance	10.555	N/A	967,602
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	154,034
TOTAL US DEPARTMENT OF AGRICULTURE				1,333,300
US DEPARTMENT OF EDUCATION				
Pass-through State Department of Education:				
201	Title I	84.010	12-BA090	685,511
201	Title I - Distinguished School	84.010	12-BD-090	7,639
Total 84.010				693,150
Individuals with Disabilities Education Act				
203	Special Education - Grants to States	84.027	12-CA090	1,049,332
205	Special Education - Preschool Grants	84.173	12-CG090	25,910
215	ARRA - IDEA 611	84.391A	11-SC090	98,059
Total 84.027, 84.173, & 84.391A				1,173,301
207	Occupational Education - Machatronics	84.048A	12-VA090	77,924
227	ARRA - McKinney-Vento Homeless Educational Assistance Act	84.387	10-SM090	3,491
243	Adult Education - Basic	84.002	12-EA090	122,132
264	ESOL - Title III	84.365	12-BP090	22,621
267	Improving Teacher Quality	84.367	12-TQ090	157,013
TOTAL US DEPARTMENT OF EDUCATION				2,249,632
US DEPARTMENT OF DEFENSE				
Direct Programs:				
277	JROTC	12.000	N/A	62,396
US DEPARTMENT OF ENERGY				
Direct Programs:				
251	ARRA - SCEO Energy Grant	81.041	S09-0104	83,729
TOTAL FEDERAL ASSISTANCE EXPENDED				\$ 3,729,057

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, 2012

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, 2012. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the School District’s basic financial statements.

C – Relationship to Basic Financial Statements

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

D – Relationship to Federal Financial Reports

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

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

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, South Carolina (the "School District") as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Trustees, others within the School District, the South Carolina Department of Education, 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
Mauldin, South Carolina
November 26, 2012

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited Clover School District No. 2, South Carolina's (the "School District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2012. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the School District, the South Carolina Department of Education, 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.

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

Greene, Finney & Horton, LLP
Mauldin, South Carolina
November 26, 2012

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2012

There were no OMB Circular A-133 audit findings in the prior year.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of 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> </u> Yes	<u> X </u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	National School Breakfast and Lunch Program

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

NONE

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

NONE