

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF  
ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA

FOR THE  
FISCAL YEAR ENDED  
JUNE 30, 2010

PREPARED BY:  
Rock Hill School District Three  
Finance Department

ROCK HILL SCHOOL DISTRICT THREE  
Comprehensive Annual Financial Report  
For the fiscal year ended June 30, 2010

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# Introductory Section

ROCK HILL SCHOOL DISTRICT THREE  
ADMINISTRATIVE CHART  
FY 2009 - 2010

**Board of Trustees**

The School District is governed by a seven member Board of Trustees elected at large by the registered voters in the School District at the November general election in even-numbered years. Trustees are elected to serve staggered 4-year terms of office, which commence on December 1 of the year in which they are elected.

<b><u>Name</u></b>	<b><u>Occupation</u></b>	<b><u>Number of Years of Service</u></b>
Mr. Walter Brown, Sr.	Volunteer	9
Mrs. Mildred Douglas	Teacher	9
Mr. Bob Norwood ( <i>Chair</i> )	Insurance Executive	13
Ms. Elizabeth "Ann" Reid	College Instructor	9
Mrs. Mikki Rentschler	Sales	6
Dr. Jason Silverman	University Professor	7
Mr. Jim Vining	Management Consultant	11

**District Personnel**

<b><u>Name</u></b>	<b><u>Position</u></b>
Dr. Lynn Moody	Superintendent
Mr. Bill Mabry	Associate Superintendent for Administrative Services
Dr. Harriet Jaworowski	Associate Superintendent for Accountability and Instructional Services
Dr. Luanne Kokolis	Associate Superintendent for Planning and Program Support Services
Ms. Elaine Bilton	Executive Director of Finance

## Board of Trustees

**Director of Information Services**  
Mrs. Elaine Baker  
*ebaker@rock-hill.k12.sc.us*  
981-1005



**Superintendent**  
Dr. Lynn P. Moody  
*lmoody@rock-hill.k12.sc.us*  
981-1002

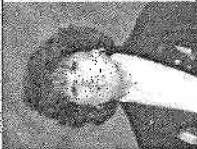


## Principals

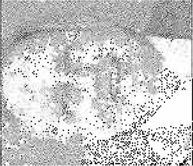
**Associate Superintendent for Instruction & Accountability**  
Dr. Harnet Jaworowski  
*hjaworow@rock-hill.k12.sc.us*  
981-1055



**Associate Superintendent for Planning & Program Support**  
Dr. Luanne Kokolis  
*lkokolis@rock-hill.k12.sc.us*  
981-1045



**Associate Superintendent for Administrative Services**  
Mr. Bill Mabry  
*bmabry@rock-hill.k12.sc.us*  
981-1009



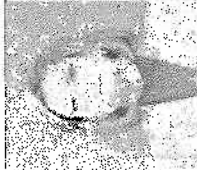
**Executive Director of Secondary Curriculum**  
Mrs. Sheila Huckabee  
*shuckabee@rock-hill.k12.sc.us*  
981-1055



**Executive Director of Personnel**  
Ms. Rebecca Partlow  
*bpartlow@rock-hill.k12.sc.us*  
981-1092



**Executive Director of Financial Services**  
Ms. Elaine Bilton  
*ebilton@rock-hill.k12.sc.us*  
981-1083



**Executive Director of Technology**  
Mr. Joel Whitesides  
*joel@rock-hill.k12.sc.us*  
981-1030



**Executive Director of Student Services**  
Mr. Keith Wilks  
*kwilks@rock-hill.k12.sc.us*  
981-1041



**Executive Director of Elementary Curriculum**  
Mr. Richard Melzer  
*rmelzer@rock-hill.k12.sc.us*  
981-1055





*Engaging Students for Successful Futures*

660 N. Anderson Road T: (803) 981-1000  
P.O. Drawer 10072 F: (803) 981-1094  
Rock Hill, SC 29731 www.rock-hill.k12.sc.us

Lynn P. Moody, Ed.D., Superintendent

December 1, 2010

To the Citizens of  
Rock Hill School District Three

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Rock Hill School District Three (the School District) for the fiscal year ended June 30, 2010. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District.

The CAFR is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory Section includes this transmittal letter, the School District's organizational chart, and a list of principal officials. The Financial Section includes Management's Discussion and Analysis, the basic financial statements, notes to the basic financial statements, as well as the independent auditors' report on the financial statements. Also included in the Financial Section is a Supplemental Subsection containing additional supplemental financial schedules (with account numbers) required statutorily by the South Carolina Department of Education. The Statistical Section presents selected financial, economic, and demographic trend data, generally, over the past ten years. The Single Audit section contains schedules and auditors' reports required for the School District to comply with the Revised Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The information presented in this letter of transmittal should be read in conjunction with Management's Discussion and Analysis, which can be found immediately following the report of the independent auditors.

## **PROFILE OF THE SCHOOL DISTRICT**

The School District was created in March 1953, through the merger of four former school districts. The School District encompasses a land area of 228 square miles, or almost one third of the land area of York County (the County), which is on the border between North Carolina and South Carolina, just south of Charlotte, North Carolina. The School District includes within its boundaries the entire City of Rock Hill, the sixth largest city in the State, as well as considerable surrounding territory.

The School District currently operates 17 elementary schools (grades K-5), a four year old child development center, five middle schools (grades 6-8), and three senior high schools (grades 9-12) to serve 18,023 students. The School District also has a vocational center, an adult education center, an alternative center, and a special instructional TV center. All schools in the School District and the School District itself are accredited by the South Carolina Department of Education and the School District is fully accredited by the Southern Association of Colleges and Schools (SACS).

## **REPORTING ENTITY**

In August 2004, a charter school, The Children's Attention Home, was opened and is operating as an entity in York County School District Three. The School District has reviewed its operating entity definition in order to insure conformance with the Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and is presenting the Charter School Financial Information in the accompanying statements as a component unit. The School District is not included in any other "reporting entity" as defined by GASB Statements 14 and 39.



## ECONOMIC CONDITION AND OUTLOOK

Rock Hill School District Three is located in York County, with the entire city of Rock Hill being encompassed by the School District. Rock Hill is located in the north-central area of South Carolina approximately 20 miles south of Charlotte, NC along the I-77 corridor. Rock Hill is a growing community of 69,000+ residents. The City encompasses over 31.8 square miles. While not the County seat, Rock Hill is the largest city in York County, SC, the fourth largest city in South Carolina and premier “Ring City” in the Charlotte Metropolitan Statistical Area (MSA).

The diversity and strength of the business community continually supports growth even during challenging economic times. With three high-amenity business parks, Waterford, TechPark and Antrim, and three industrial parks, Southway Industrial Park, Airport Industrial Park and Rock Hill Industrial Park, Rock Hill offers sites and existing facilities to numerous businesses. The City’s close proximity to both I-77, which runs through Rock Hill, and I-85 gives businesses easy access to major transportation routes. Charlotte/Douglas International Airport is 25 minutes north of Rock Hill via I-77. The airport serves more than 34 million passengers annually and is the ninth largest major airline hub in the nation. It is a hub for US Airways, has eight major carriers, and averages 620 flights daily with direct non-stop service to more than 140 destinations. Rock Hill was selected by *Business Week* magazine as one of the “best places in America to raise a family”.

According to the 2005 South Carolina Statistical Abstract, the County had the seventh largest labor force, eighth largest number of business establishments and seventh largest number of manufacturing companies in the State. York County’s population grew by more than 4 % between 2007 and 2008 solidifying its place among the nation’s fastest growing counties. However, the growth rate has slowed a bit, down from 4.8% last year to 3.3% between 2008 and 2009. The County is now beginning to move away from its textile roots and is luring more financial, distribution and service companies. The School District, the largest of four school districts within the County, is located in the southeastern portion of the County about 25 miles south of Charlotte. This area contains several of the County’s major companies, including Abitibi Bowater, Inc., a paper mill and Comporium Communications, a telecommunications provider. Rock Hill is also home to the global headquarters of 3D Systems Corp., a rapid prototyping company.

In February 2001, seven partners, one of whom was the School District, joined together to oversee the creation of the Old Town Renaissance Master Plan. This plan included six strategies for redevelopment: Downtown, College Town, Hometown (neighborhoods), Trolley Town (transportation), Textile Town (former textile mills), and Technology Town. Downtown revitalization continues to be a priority for the City of Rock Hill and the Rock Hill Economic Development Corporation. The focus of this plan is the development of a Downtown area with a unique blend of residential, retail restaurants and office space that embodies the concepts of smart-growth, neotraditional design and new urbanism.

Adopted in December of 2003 the Textile Corridor Master Plan, redevelopment of the former textile manufacturing area in downtown, is well into its final implementation. The area is comprised of approximately 250 acres within the urban core and with the completion of the historic Rock Hill Cotton Factory in the summer of 2007, the Plan’s vision of a pedestrian-friendly, mixed-use urban village is beginning to transpire.

In March 2007 the city entered into a memorandum of understanding with its development partners to create Riverwalk with three miles of frontage on the Catawba River. Riverwalk will become a mixed-use pedestrian-friendly community and will include the East Coast’s only bicycle racing track, a BMX course and other sports-tourism-related attractions. Upon completion, the project is expected to produce \$600 million in private investment, increase property taxes by \$4 million annually and generate 4,000 new jobs for Rock Hill.

## MAJOR INITIATIVES

The School District is currently operating under its strategic plan for the years 2009-2014. The strategic plan includes a mission statement and motto and serves as the basis for school improvement and accountability. It also includes the School District’s beliefs, strategic directions, and system priorities. Every school uses the School District’s strategic plan to involve parents, teachers, principals and community in the development, annual review, and revision of each school’s plan and activities.

## **Motto & Mission**

*“Engaging Students for Successful Futures”*

The Rock Hill Climb represents the 2009-2014 Strategic Plan. Reaching the summit will indicate our success in providing all students with work that authentically engages them in the learning process. To get to the top of the Rock Hill Climb, the summit, our schools must travel four pathways which represent what we must provide for all students:

- Shared Vision and Beliefs
- Future Focus
- A Nurturing Environment
- Quality Work Design and Delivery

## **Primary Accomplishments for FY 2009-2010 were as follows:**

- District dropout rate decreased from 4.4% in September 2009 to 2.2% in January 2010.
- The Children’s School at Sylvia Circle was among the top five finalists for the top School Improvement Council.
- India Hook Elementary School, Mount Holly Elementary School, Northwestern High School, Old Pointe Elementary School, and the Children’s School were selected for the Palmetto Gold Award. Belview Elementary School, Ebenezer Avenue Elementary School, Rosewood Elementary School and South Pointe High School were selected for the Palmetto Silver Award.
- Adult Education won awards in six categories in state competitions.
- The Adult Education Center was chosen as one of five GED testing sites.
- Ebinport Elementary School, Mount Holly Elementary School and Sullivan Middle School were selected by the South Carolina Department of Education as “Red Carpet” invitational schools.
- All elementary schools and the Applied Technology Center met Adequate Yearly Progress (AYP) requirements.
- Scholarship totals for the Class of 2010 came in at \$25,019,586.
- Model UN Teams at Northwestern High School won top awards at both the Clemson University and Winthrop University Model UN competition.
- The Rock Hill High School Model UN team was selected for one of the top three awards at the regional Model UN competition.
- Twenty-two teachers received National Board Certification.
- The Children’s School at Sylvia Circle was one of five finalists for the top State School Improvement Council Award.
- Northwestern High School Varsity Football Team was runner-up in the state football championship.
- Northwestern Varsity Cheerleaders were Upper State Champions and runner-up to the state Champion.

- Rock Hill High School Wrestling Team won the Upper State Championship for the third consecutive year
- Northwestern High School Boys' Soccer Team won the 4-A state championship for the third consecutive year.
- Northwestern High School's Purple Regiment placed second in the 4A state marching band championship.
- Rock Hill High School's Band of Distinction placed third in the 5A state marching band competition.
- South Pointe High School's Band of Thunder placed fourth in the 3A state marching band competition.
- Al Leonard, Principal of South Pointe High School was selected by Journalism Education and National Scholarship Press Association as the 2009 National Administrator of the Year.
- Dr. Cyndie Smith (Brattonsville Academy), Bud Cope (Dutchman Creek Middle School) and Cathy Griffin (Northwestern High School) were selected by the South Carolina Council for the Social Studies as 2009 Social Studies Educators of Distinction.
- Gene Baston (Independence Elementary School) was selected as a Distinguished Teacher of Reading by the Palmetto Reading Council of the International Reading Association.
- Chris Beard, Principal of Mount Holly Elementary School, was selected by the Palmetto Reading Council of the International Reading Association as the Administrator of the Year
- Melissa Kreitzer (Independence Elementary School) and Ian Young (Rock Hill High School) were selected as the Elementary and Secondary Beginning Teachers of the Year.
- Laney Burris (Administrative Services) was selected as the 2010 Risk Professional of the Year by the SC Public Risk Insurance Management Association.
- The District completed a successful voter registration campaign with 95.1% of all employees registered to vote.
- The district partnered with The Herald Newspaper to supply over 800 students with book bags.

## **FINANCIAL INFORMATION**

The Rock Hill School District Three management is responsible for developing and maintaining internal controls designed to insure that the assets of the School District are protected from loss, theft, or misuse and to insure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Budgetary Control**

At the beginning of each fiscal year, the Board of Trustees (the Board) approves the annual budget for the General Fund. The purpose of the approval by the Board is to insure compliance with the legal provisions indicated in the Policies of the Board of Trustees, as well as State and Federal laws. The Board, through policy, has given the School District Superintendent the responsibility of managing the School District's budget.

Budget transfers between function levels may be requested by school principals and department heads and are approved by the finance department. Periodically, the Board is given interim financial reports which detail year-to-date expenditures and encumbrances versus budgetary appropriations.

All other budgets are reviewed and approved by either the Administration, or the governing body responsible for issuing the grant. Any funds allocated to the School District which do not require a budget are used to support the School District's educational program.

Debt Service expenditures are controlled by the bond issue requirements. Revenues to pay the debt service requirements are levied by the County Auditor. Each year the Board requests what it feels will be required in millage to be assessed by the County Auditor. However, the responsibility of maintaining an adequate cash balance in the debt service fund is legally that of the County Auditor.

### **Financial Condition**

Property tax revenues decreased \$639 thousand or 1% from the prior year. This was largely due to a decrease in millage for debt service operations even though the Board increased millage for operations by 6 mills. Due to a State and National economic downturn, the State issued two budget cuts during the year and reduced the base student cost from \$2,034 at the beginning of the year to \$1,756 by the end of the year. Federal/State formula aid increased by only \$882 thousand or 3.8%. Actual revenues were less than expenditures by \$2.1 million for the fiscal year. The 2009-2010 budget included cost reductions for the elimination of over 30 general fund positions, a reduction in professional development, reduction in school and department allocations and a reduction in substitutes for absent employees. In addition the after school program was restructured, new guidelines for field trips were implemented as well as additional energy conservation practices.

The unreserved, undesignated fund balance in the general fund at year end was \$17,413,749. During the FY 2009-2010 budget process, the School District developed a financial crisis plan anticipating revenue reductions from the state and an unknown future economic condition.

The administration continues to analyze the projected fund balance need and continues to support the need to maintain at least the 12% minimum fund balance designated by the Board. Understanding that economic conditions may not immediately improve, the Board re-examined in 2009-2010 its previous 8%-10% fund balance policy and set the current target of 12%. Also the South Carolina General Assembly passed Act 388 in June 2006, which eliminates all school operating taxes on owner-occupied homes and replaced it with a potentially less stable funding source of an additional 1 percent general sales tax. The targeted fund balance will allow the School District not only to maintain its ability to handle any major shortfalls due to the economic decline but also to handle the increase in operating costs should the need arise for new facilities in the future.

The School District still feels a positive fund balance is sound financial management. A positive fund balance serves several purposes. The first is to ensure that the instructional process is not interrupted by unforeseen budgetary constraints such as state cuts or default of a tax payment by a major industry.

Secondly, the School District is able to reduce short term borrowing by having cash available in the later months of the year. Maintaining a positive fund balance, the School District has been able to meet its cash flow needs this year without short-term borrowing.

The third purpose is to maintain a positive bond rating. The Board has committed to focus toward technology, improving capital assets, and ensuring adequate facilities for our students. All of these items require issuing debt. Showing a continued commitment to maintaining an adequate fund balance will help to maintain and improve our current bond rating.

### **Cash Management**

The School District invests all temporarily idle cash. These funds are invested in obligations collateralized by instruments issued or guaranteed by the United States Government or the State of South Carolina.

The School District uses several entities for investment of funds. Primarily this is through participation in the South Carolina Local Government Investment Pool operated by the Office of the State Treasurer. Funds held by the County Treasurer's office are sent to the SGLIP. The School District has access to all funds in the State Pool within 48 hours. The average interest earnings rate with the SGLIP 2009-2010 was .40% compared to .72% in the previous year. The School District also has an additional account at the State Pool whereby funds from the South Carolina Department of Education are deposited into the County Treasurer's account and immediately transferred into the School District's account.

Another investment tool is through treasury management services provided by Wachovia. The School District maintains several accounts with the bank and all excess funds are swept into an overnight investment account. General fund interest earned was \$97,449 compared to \$318,383 in the prior year. The School District has structured its banking contract for maximum earnings potential and the contract still provides the School District with a lower fee structure based on minimum average monthly deposits.

### **Risk Management**

Rock Hill School District Three participates in the South Carolina School Boards' Insurance Trust Fund. The School Boards' Insurance Trust provides coverage for building and property, casualty and liability, and workers' compensation. The programs are directed toward minimizing costs through the integration of system design, risk control and claims management.

## **OTHER INFORMATION**

### **Financial Reporting and Independent Audit**

The financial report for the fiscal year ended June 30, 2010 has been prepared under the financial reporting model required by GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The financial statements include government-wide financial statements as well as fund financial statements, which present information for individual major funds. As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion is included in the front of the financial section of the report and provides an assessment of the School District's finances for FY 2010 and the outlook for the future.

State statutes require an annual audit by an independent certified public accountant. The accounting firm of Elliott Davis, LLC was selected by the Board of Trustees to perform this audit. In addition to meeting the requirements set forth in state statutes, the audit was designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditors' report on the basic financial statements is included in the Financial Section of the CAFR. The auditors' reports related specifically to the single audit are included in the Single Audit Section.



## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rock Hill School District Three for its CAFR for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

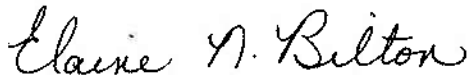
The Association of School Business Officials (ASBO) International awarded a Certificate of Excellence in Financial Reporting Award for excellence in the preparation and issuance of the fiscal year end 2009 school system CAFR to Rock Hill School District Three. The Certificate of Excellence in Financial Reporting Program was designed by ASBO International to enable school business officials to achieve a high standard of financial reporting. The award is only conferred to school systems that have met or exceeded the standards of the program. This award is also valid for a period of one year. We believe that our current CAFR continues to meet the program requirements, and we are submitting it to ASBO International to determine its eligibility for another certificate.

## Acknowledgments

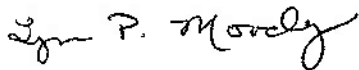
The successful completion of this CAFR would not have been possible without the commitment and hard work of many people. The entire finance staff has continued to maintain an exemplary level of performance without which this report would not be able to be completed. We would also like to thank the Instruction Department for their contributions in time and information. We would like to thank our audit firm Elliott Davis, LLC 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 management would also like to thank the Rock Hill School District Three Board of Trustees for their continued support and leadership. Without their help, we would not be able to maintain the exceptional staff needed to assure such a high level of competency.

Respectfully Submitted,



Elaine N. Bilton  
Executive Director of Financial Services



Lynn P. Moody, Ed.D.  
Superintendent

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Rock Hill  
School District Three  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

**ROCK HILL SCHOOL DISTRICT THREE OF YORK COUNTY**

**For its Comprehensive Annual Financial Report (CAFR)**

**For the Fiscal Year Ended June 30, 2009**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

*Evin Green*

President

*John D. Messer*

Executive Director



## Financial Section



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Chairman and  
Members of the Board of Trustees  
Rock Hill School District Three  
Rock Hill, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Rock Hill School District Three (the School District) as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2010 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 17 through 25 and the budgetary comparison information on pages 55 through 63 (Schedule 1) are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and other schedules, listed in the table of contents as other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script, appearing to read "Elliott Davis, LLC".

Columbia, South Carolina  
December 1, 2010

ROCK HILL SCHOOL DISTRICT THREE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

As management of Rock Hill School District Three (the School District), we offer readers of the Rock Hill School District Three's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010. Please read the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- General revenues accounted for \$87.3 million in revenue or 50.1% of all revenues. Program specific revenues in the form of charges for sales and services, grants and contributions accounted for \$86.8 million or 49.9% of total revenues of \$174 million.
- The School District had \$167.5 million in expenses related to governmental activities; only \$79.6 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state funding) of \$86.8 million were not sufficient to provide for the remaining expenses, and net assets decreased by \$1.1 million.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$28.8 million, a decrease of \$1 million in comparison with the prior year. The decrease was largely a decrease in the general fund due to state revenue reductions of approximately \$4 million and an increase in the debt service fund related to a refunding of general obligation bonds.
- The total assets of the Rock Hill School District Three's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$116.5 million. Of this amount, \$18.8 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Among the major funds, the general fund had \$116.3 million in revenues and other financing sources and \$118.4 million in expenditures and other financing uses. Transfers in from other funds helped supplement the short-fall in revenues. The fund balance of the general fund decreased \$2.1 million from the prior fiscal year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$17.4 million or 14.8% of the total general fund expenditures.
- The School District increased its outstanding long-term debt to \$176.9 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements** - The government-wide financial statements (Statement of Net Assets and Statement of Activities) are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business. Short-term and long-term information about the School District's overall financial status is provided in these statements. These statements include all assets and liabilities using the accrual basis of accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Assets and Statement of Activities report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader for the School District as a whole, whether the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

**Governmental Activities** - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

**Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District food service activities are reported as business activities.

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 and 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 government'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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include the general fund, special projects fund, Education Improvement Act fund, debt service fund and capital projects fund. The business-type activities of the School District include the food service fund.

The government-wide financial statements can be found on pages 26 and 27 of this report.

**Fund 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** - Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's education programs. The differences between governmental activities (in the Statement of Net Assets and the Statement of Activities) and governmental funds are reconciled in the financial statements.

**Proprietary funds** - Services for which the School District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The School District's food service fund is the only proprietary fund.

**Fiduciary funds** - The School District is the trustee, or fiduciary, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The School District's student activities fund is the only fiduciary fund.

**Notes to the basic financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 35 to 54.

**Supplemental information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information that further supports the financial statements with a comparison of the School District's budget for the year and other supplementary information schedules required either by the State Department of Education or the certificate of excellence program of the Government Finance Officers Association.

#### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The table below provides a summary of the School District's net assets as of June 30, 2010 compared to June 30, 2009:

##### **Condensed Statement of Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current assets	\$ 46,401,657	\$ 47,186,638	\$ 2,233,559	\$ 135,045	\$ 48,635,216	\$ 47,321,683
Capital assets	264,825,740	270,529,936	1,376,906	1,593,752	266,202,646	272,123,688
Total assets	<u>\$ 311,227,397</u>	<u>\$ 317,716,574</u>	<u>\$ 3,610,465</u>	<u>\$ 1,728,797</u>	<u>\$ 314,837,862</u>	<u>\$ 319,445,371</u>
Long-term debt outstanding	\$ 163,604,330	\$ 157,228,602	\$ -	\$ -	\$ 163,604,330	\$ 157,228,602
Other liabilities	31,169,084	42,904,447	-	(1,172,263)	31,169,084	41,732,184
Total liabilities	<u>194,773,414</u>	<u>200,133,049</u>	<u>-</u>	<u>(1,172,263)</u>	<u>194,773,414</u>	<u>198,960,786</u>
Net assets						
Invested in capital assets, net of related debt	88,224,652	87,780,196	1,376,906	1,593,752	89,601,558	89,373,948
Restricted	9,433,836	9,082,727	-	-	9,433,836	9,082,727
Unrestricted	18,795,495	20,720,602	2,233,559	1,307,308	21,029,054	22,027,910
Total net assets	<u>116,453,983</u>	<u>117,583,525</u>	<u>3,610,465</u>	<u>2,901,060</u>	<u>120,064,448</u>	<u>120,484,585</u>
Total liabilities and net assets	<u>\$ 311,227,397</u>	<u>\$ 317,716,574</u>	<u>\$ 3,610,465</u>	<u>\$ 1,728,797</u>	<u>\$ 314,837,862</u>	<u>\$ 319,445,371</u>

Total assets of the School District decreased overall \$4.6 million. Deposits with York County Treasurer in the capital projects fund decreased \$3.4 million largely due to expenditures relating to the opening of two new schools in 2008-2009 and renovation projects for all schools. During the current year general obligation bonds were issued in the amount of \$23.7 million. \$19 million were issued to defray the costs of capital improvements, to redeem series 2008 general obligation bond anticipation notes and to defray costs related to acquisition of technological equipment. The remaining \$4.7 million provided funds to refund the outstanding principal of general obligation bonds series 2000A.

Total liabilities decreased by \$4.2 million. While long-term debt outstanding accounted for an increase of \$6.5 million due to the issuance of general obligation bonds, the current obligation for bonds and notes payable decreased by \$12.7 million. The district repaid \$12.5 million in bond anticipation notes in 2009-2010 and issued \$6 million in tax anticipation notes.

Total net assets remained almost unchanged, decreasing only \$420 thousand. Unrestricted net assets decreased \$1 million and was mainly caused by reductions in state revenues and decreases in property tax collections due to debt service millage reductions.

Both governmental activities and business-type activities are reporting positive balances in all three categories of net assets. In the prior fiscal year, 2009, they also reported positive balances.

The table below shows the changes in net assets for fiscal year 2010 compared to 2009.

	<b>Changes in Net Assets</b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>						
Program revenues						
Charges for sales/services	\$ 1,505,540	\$ 2,031,407	\$ 2,297,979	\$ 2,617,644	\$ 3,803,519	\$ 4,649,051
Operating grants/contributions	78,070,395	78,078,355	4,889,165	4,736,659	82,959,560	82,815,014
Capital grants/contributions	-	366,835	-	415,754	-	782,589
General revenues						
Property taxes	60,418,234	61,057,347	-	-	60,418,234	61,057,347
Federal/state formula aid	26,710,106	25,727,814	-	-	26,710,106	25,727,814
Other	<u>(307,264)</u>	<u>43,084</u>	<u>459,951</u>	<u>423,404</u>	<u>152,887</u>	<u>466,488</u>
Total revenues	<u>166,397,011</u>	<u>167,304,842</u>	<u>7,647,095</u>	<u>8,193,461</u>	<u>174,044,306</u>	<u>175,498,303</u>
<b>EXPENSES</b>						
Instruction	85,236,856	99,874,477	-	-	85,236,856	99,874,477
Support services	74,759,844	67,652,653	-	-	74,759,844	67,652,653
Community services	155,787	227,383	-	-	155,787	227,383
Interest and other charges	7,374,066	7,017,571	-	-	7,374,066	7,017,571
Food service	<u>-</u>	<u>-</u>	<u>6,937,690</u>	<u>7,767,516</u>	<u>6,937,690</u>	<u>7,767,516</u>
Total expenses	<u>167,526,553</u>	<u>174,772,084</u>	<u>6,937,690</u>	<u>7,767,516</u>	<u>174,464,243</u>	<u>182,539,600</u>
Change in net assets	(1,129,542)	(7,467,242)	709,405	425,945	(420,137)	(7,041,297)
NET ASSETS, JULY 1, 2009	<u>117,583,525</u>	<u>125,050,767</u>	<u>2,901,060</u>	<u>2,475,115</u>	<u>120,484,585</u>	<u>127,525,882</u>
NET ASSETS, JUNE 30, 2010	<u>\$ 116,453,983</u>	<u>\$ 117,583,525</u>	<u>\$ 3,610,465</u>	<u>\$ 2,901,060</u>	<u>\$ 120,064,448</u>	<u>\$ 120,484,585</u>



Property tax revenues decreased \$639 thousand or 1.0% from the prior year. This was largely due to a decrease in millage for debt service operations. Federal/state formula aid funding increased by \$982 thousand or 3.8%. While funding from state formula aid decreased due to budget cuts, state and federal legislation provided for an increase in funding in the form of State Fiscal Stabilization Funds (federal stimulus) as well as stimulus funding for federal programs.

Charges for sales/services decreased from the prior year. These governmental activities charges are largely from the School District's after school program called Challenger. It is operated in all 16 elementary schools and currently serves approximately 1,000 students. It is a curriculum based program which operates each day from the end of the regular school day until 6 pm. It is a special revenue fund which operates solely from tuition charges with a small amount of general fund assistance. During the fiscal year, tuition charges were not increased but the program was discontinued for the summer months which affected the collections for the months of July and August. The School District uses a mandatory draft program for tuition collection which has reduced uncollectible receivable balances.

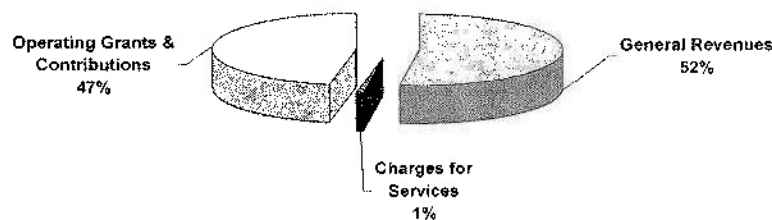
The School District's expenditures are primarily related to instruction and support services. In FY 2010, the School District's instructional services accounted for 50.9% and support services accounted for 44.6% percent of total governmental activities costs compared to 57.1% and 38.7% respectively, in the prior fiscal year. The instructional costs are largely from salary and fringe benefits for teachers and other educational staff. The support costs are primarily custodial, maintenance, utilities and pupil transportation.

Total expenses surpassed revenues, decreasing net assets \$1.1 million from the prior year.

#### GOVERNMENTAL ACTIVITIES:

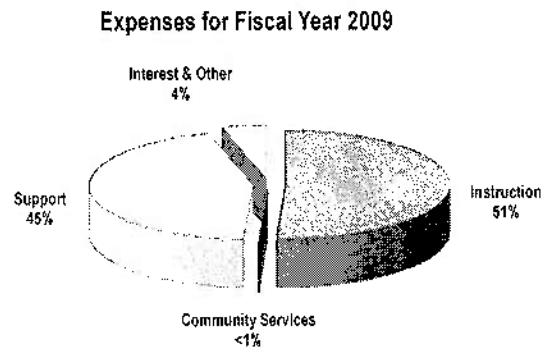
The source of revenue for governmental activities is almost equally divided between general revenues and grants and contributions. General revenues consist primarily of local property tax revenues.

**Revenues by Source - Governmental Activities**





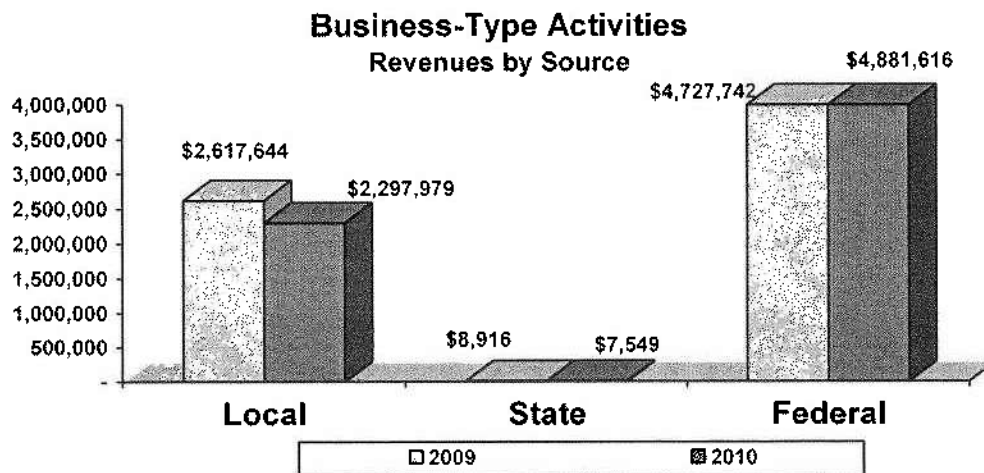
The figure below represents the cost of four major School District activities: instruction, support services, community services, and interest and other.



Overall, the School District's financial position is stable. This stability can be credited to innovative management decisions when developing programs and policies. The rate of growth slowed during 2009-2010; however, the District's management aggressively began a program of cost reductions, anticipating the slowing economy.

#### BUSINESS-TYPE ACTIVITIES:

Business-type activities consist of the School District's food service operations. This operation receives no support from tax revenues. As demonstrated below, the revenue received is approximately 32% from local sources and slightly more than half from federal sources (68%). The remainder of less than 1% is from state sources.



During FY 2010, revenues of the School District's business-type activities decreased 2.3% to \$7.2 million. The decrease in revenue is due to several factors. Although the Federal reimbursement rate the School District received increased by \$.11 for each free/reduced lunch meal and \$.06 for each free/reduced breakfast meal, the total number of meals served decreased by 15,134. In addition, due to streamlining of processes and an effort to cut food costs, the a la carte sales and adult meal sales decreased by approximately \$130 thousand.

Salary and fringe expenses decreased as projected during FY 2010 due to an effort to reduce staff. Food and supply costs decreased due to decreases in fuel costs. Total expenses decreased by \$830 thousand.

Food Service operations in summary reflected a gain for the fiscal year of \$709 thousand which increased the net assets from \$2.9 million to \$3.6 million. Because of the gain in net assets and the increase in federal reimbursement rates, meal prices have not been increased for 2010-2011.

#### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

As the School District completed the year, its government funds reported combined fund balances of \$28.8 million, a net \$1 million decrease from last year's ending fund balances. The capital fund balance increased by \$289 thousand to \$2.9 million largely due to the issuance of general obligation bonds. The debt service fund balance increased as well by \$962 thousand. The general fund's fund balance decreased by \$2.1 million to \$17.4 million. This decrease resulted from a combination of a decrease in spending in anticipation of state budget reductions and a large decrease in revenue due to state budget reductions during the fiscal year.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

For the fiscal year 2009-2010 budget, the School District compiled and submitted to the Board of Trustees a budget with expenditures exceeding revenues by \$2.4 million. Local revenues were projected to increase 2 percent over the preceding year and additional state revenues were anticipated due to an estimated increase in Act 388 funds from \$13,500,000 to \$16,000,000. The average daily membership of the School District was projected to increase by approximately 150 students for a total of 17,350. The Board of Trustees approved the operating budget with a net millage increase after appropriation of 6 mills for 2010. The total local revenue was estimated to increase \$1.4 million.

Budgeted expenditures included cost reductions for the elimination of over 30 general fund positions, a reduction in professional development, reduction in school and department allocations and reduction in substitutes for absent employees. In addition, the after school program was restructured, new guidelines for field trips were implemented as well as additional energy conservation practices.

- Local property tax revenues were \$732 thousand less than budgeted only a 1% difference. The School District's total assessed value increased due to an expected growth in the tax base. A portion of the School District's local tax revenue is provided by a countywide millage allocated to the four school districts in York County based on average daily membership. Rock Hill School District's percentage decreased to 44.88% compared to 45.40% last year. Also, the School District continues to receive a fixed amount of State Local Property Tax Reimbursement dollars (\$5,991,205) based on tax year 1999 and receives no increased reimbursement for any growth in the tax base.
- State revenues were \$ 3.9 million lower than budgeted, or 5.5% due to reductions in state funds. The final state base student cost allocated and received was \$1,756 as a result of two budget reductions issued from the state.
- Overall, actual revenues were \$4.3 million lower than budgeted revenue. This was mainly due to the state budget reductions.
- Actual expenditures for the fiscal year were 3% under budget or approximately \$4 million. This difference was due to the cost saving measures implemented during the year in response to state revenue reductions. There were no unusual items to report.

During the budget process, the School District budgeted no increase in the South Carolina Retirement System employer contribution rate. The budget for the employer portion of health and dental costs was increased by approximately 2.5%. The School District, including principals and department heads, has continued to take a conservative approach to spending during the year as state funding was reduced. In addition to spending reductions, the District implemented after the beginning of the fiscal year, a furlough of two days for instructional staff and four days for administrative and support staff.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** - By the end of 2010, the School District had invested \$346.3 million in a broad range of capital assets, including school buildings, athletic facilities and various types of equipment necessary to operate the School District's 28 schools and administrative offices. This amount represents an increase of \$1.1 million from last year (more detailed information about capital assets can be found in Note 4 to the financial statements).

#### **Capital Assets (Net of accumulated depreciation)**

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total percent change</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2009-2010</u>
Land	\$ 10,433,629	\$ 10,433,629	\$ -	\$ -	0%
Buildings and improvements	250,589,689	255,361,939	-	-	(1.9%)
Furniture and equipment	<u>3,513,215</u>	<u>4,573,499</u>	<u>1,376,906</u>	<u>1,593,752</u>	<u>(23.2%)</u>
Total	<u>\$ 264,536,533</u>	<u>\$ 270,369,067</u>	<u>\$ 1,376,906</u>	<u>\$ 1,593,752</u>	<u>(2.2%)</u>

Additional information on the School District's capital assets can be found in Note 4 on pages 47 and 48 of this report.

**Long-Term Debt** - At year-end, the School District had \$164 million in general obligation bonds outstanding. This was an increase of approximately 4.1% from the prior year. The District issued \$4.7 million in general obligation refunding bonds and \$19 million in general obligation bonds. Debt repayment of \$17.3 million was for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to eight (8) percent of its total assessed valuation. The current debt limitation for the School District is \$21.5 million. Of the debt outstanding, none will be considered in the computation of the 8% limitation.

The School District maintains an "Aa1" rating from Moody's Investors Service, Inc. and an "AA" rating from Standard & Poor's Credit Market Services for general obligation debt.

Additional information on the School District's long-term debt can be found in Note 6 on pages 47 and 48 of this report.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Rock Hill School District Three is located in York County (the County), with the entire city of Rock Hill being encompassed by the School District. York County is located in the northern piedmont portion of South Carolina and shares a common border with North Carolina. The County is an integral part of the Charlotte-Gastonia-Rock Hill Metropolitan Statistical Area and is one of the fastest growing areas of the State, which provides for some annual growth in our tax base.

This growth also brings an annual estimated increase in the School District's student population of about 100+ students. A state charter school is planned to open in 2010-2011 which could impact the number of students in the District and administration will continue to monitor the enrollment of that school in determining the 2010-11 budget. The School District's goal is to continue to provide the same level of educational programs and to continue to improve academic performance across the School District.

South Carolina's economic status continues to be a concern since school district operating funds are now more dependent on the collection of sales tax revenue at the state level. The School District has already experienced two state budget cuts in Education Finance Act and Education Improvement Act funds from the original allocations in preparing the FY 2010-11 budget. The total reductions to date for the School District are approximately \$4.1 million, which could be permanent reductions in funding for future years.

In preparing the 2010-11 budgets, the School District Administration continued to closely monitor the final changes to Act 388 which was passed by the South Carolina General Assembly in June 2006. Act 388 eliminates all school operating taxes on owner-occupied homes and replaces it with a potentially less stable funding source of an additional 1 percent general sales tax. Fiscal year 2007-08 was the base year for establishing future sales tax disbursements from the newly created State Trust Fund. The School District prepared its budget based on property tax revenue which would be received under the previous mechanism as instructed by the State. The School District also prepared its budget based on the full projected base student cost of \$2,034 per pupil and the Board approved an increase in local property tax millage by 6 mills. Due to the economic downturn in 2009-2010 and continuing into 2010-2011, the Federal Government awarded Stimulus Funds to all states. The revenue estimates in the 2010-2011 Budget also includes State Fiscal Stabilization Funds (Stimulus) which will be accounted for and reported as Federal Funds and are projected to end in 2011. Budgeted expenditures were sustained at the current level for 2010-2011.

With the passage of Act 388, the local School Board will be restricted in future years on its ability to raise the millage for general operating purposes to the prior year millage increased by the average twelve month Consumer Price Index plus the increase in population as determined by the Office of Research and Statistics of the State Budget and Control Board. We will continue to examine financial projections related to this significant change in funding source and also the State Budget and Control Board projections for 2010-11 as well as future years. We will plan carefully to provide the necessary resources to meet student and staff needs in the future and continue the successes of Rock Hill School District Three.

## CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Elaine N. Bilton, Executive Director of Financial Services, Rock Hill School District Three, 660 N. Anderson Road, P.O. Drawer 10072, Rock Hill, South Carolina 29731.

# Basic Financial Statements

**ROCK HILL SCHOOL DISTRICT THREE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

Exhibit 1

	Primary government			
	Governmental activities	Business-type activities	Total	Component unit
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 22,901,555	\$ 2,853	\$ 22,904,408	\$ 19,318
Deposits with York County Treasurer	16,273,006	-	16,273,006	-
Receivables				
Accounts receivable	337,582	-	337,582	17,903
Taxes, net	2,728,118	-	2,728,118	-
Due from other funds	-	1,617,260	1,617,260	-
Due from governmental units				
Federal	2,988,378	562,121	3,550,499	-
Other state agencies	111,205	-	111,205	-
Inventories	1,024,173	51,325	1,075,498	-
Deferred charges	37,640	-	37,640	-
Total current assets	46,401,657	2,233,559	48,635,216	37,221
NON-CURRENT ASSETS				
Deferred charges	289,207	-	289,207	-
Non-depreciable capital assets	10,433,629	-	10,433,629	-
Depreciable capital assets, net of accumulated depreciation	254,102,904	1,376,906	255,479,810	50,516
Total non-current assets	264,825,740	1,376,906	266,202,646	50,516
Total assets	\$ 311,227,397	\$ 3,610,465	\$ 314,837,862	\$ 87,737
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 2,779,987	\$ -	\$ 2,779,987	\$ 5,964
Other payables	8,304	-	8,304	-
Accrued salaries and benefits	8,118,020	-	8,118,020	15,462
Unearned revenue	1,834,763	-	1,834,763	-
Due to fiduciary fund	1,066,578	-	1,066,578	-
Internal balances	1,617,260	-	1,617,260	-
Accrued interest	2,487,701	-	2,487,701	-
Current portion of non-current liabilities				
Bonds and notes payable	12,571,075	-	12,571,075	-
Capital lease	426,561	-	426,561	-
Compensated absences	258,835	-	258,835	-
Total current liabilities	31,169,084	-	31,169,084	21,426
NON-CURRENT LIABILITIES				
Bonds payable	154,256,584	-	154,256,584	-
Capital lease	9,057,661	-	9,057,661	-
Compensated absences	290,085	-	290,085	-
Total non-current liabilities	163,604,330	-	163,604,330	-
Total liabilities	194,773,414	-	194,773,414	21,426
NET ASSETS				
Invested in capital assets, net of related debt	88,224,652	1,376,906	89,601,558	50,516
Restricted for				
Special projects	212,157	-	212,157	-
Capital projects	2,866,181	-	2,866,181	-
Debt service	6,355,498	-	6,355,498	-
Unrestricted	18,795,495	2,233,559	21,029,054	15,795
Total net assets	116,453,983	3,610,465	120,064,448	66,311
Total liabilities and net assets	\$ 311,227,397	\$ 3,610,465	\$ 314,837,862	\$ 87,737

The accompanying notes are an integral part of these basic financial statements.



**ROCK HILL SCHOOL DISTRICT THREE**  
**STATEMENT OF ACTIVITIES**  
**For the fiscal year ended June 30, 2010**

Exhibit 2

Functions/Programs	Program revenues			Net (expense) revenue and changes in net assets		
	Expenses	Charges for services	Operating grants and contributions	Primary Government		Component unit
				Governmental activities	Business-type activities	
Primary government						
Governmental activities						
Instruction	\$ 85,236,856	\$ 1,505,540	\$ 55,406,919	\$ (28,324,397)	\$ (28,324,397)	\$ (39,356)
Support services	74,759,844	-	22,659,817	(52,100,027)	(52,100,027)	(79,064)
Community services	155,787	-	3,659	(152,128)	(152,128)	-
Interest and other charges	7,374,066	-	-	(7,374,066)	(7,374,066)	-
Total governmental activities	167,526,553	1,505,540	78,070,395	(87,950,618)	(87,950,618)	(118,420)
Business-type activities						
Food service	6,937,690	2,297,979	4,889,165		249,454	-
Total business-type activities	6,937,690	2,297,979	4,889,165		249,454	-
Total primary government	\$ 174,464,243	\$ 3,803,519	\$ 82,959,560	(87,950,618)	(87,701,164)	(118,420)
General revenues:						
Property taxes levied for:						
General purposes				40,698,245	-	-
Debt service				19,719,989	-	-
Federal and state aid not restricted for specific purpose				26,710,106	-	-
Unrestricted investment earnings				127,474	-	-
Transfers				(459,951)	459,951	-
Miscellaneous				25,213	-	127,199
Total general revenues				86,821,076	459,951	127,199
Change in net assets				(1,129,542)	709,405	8,779
Net assets, July 1, 2009				117,583,525	2,901,060	57,532
Net assets, June 30, 2010				\$ 116,453,983	\$ 3,610,465	\$ 66,311

The accompanying notes are an integral part of these basic financial statements.

ROCK HILL SCHOOL DISTRICT THREE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

Exhibit 3

	Special Revenue Funds					Total Governmental Funds
	General	Special Projects	Education Improvement Act	Debt Service	Capital Projects	
<b>ASSETS</b>						
Cash and investments	\$ 22,901,455	\$ 100	\$ -	\$ -	\$ -	\$ 22,901,555
Deposits with York County Treasurer	3,237,570	-	-	7,545,648	5,489,788	16,273,006
Receivables						
Accounts receivable	59,804	277,778	-	-	-	337,582
Taxes, net	2,010,784	-	-	717,334	-	2,728,118
Due from other funds	6,522,760	-	506,969	580,217	-	7,609,946
Due from governmental units						
Federal	-	2,988,378	-	-	-	2,988,378
Other state agencies			111,205	-	-	111,205
Inventories	919,994	99,631	4,548	-	-	1,024,173
<b>Total assets</b>	<b>\$ 35,652,367</b>	<b>\$ 3,365,887</b>	<b>\$ 622,722</b>	<b>\$ 8,843,199</b>	<b>\$ 5,489,788</b>	<b>\$ 53,973,963</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 2,779,987	\$ -	\$ -	\$ -	\$ -	\$ 2,779,987
Other payables	-	8,304	-	-	-	8,304
Accrued salaries and benefits	8,118,020	-	-	-	-	8,118,020
Deferred revenue	1,603,819	1,171,028	622,722	546,887	-	3,944,456
Due to other state agencies	41,013	-	-	-	-	41,013
Due to other funds	5,695,779	1,974,398	-	-	2,623,607	10,293,784
<b>Total liabilities</b>	<b>18,238,618</b>	<b>3,153,730</b>	<b>622,722</b>	<b>546,887</b>	<b>2,623,607</b>	<b>25,185,564</b>
<b>Fund balances:</b>						
Reserved for:						
Debt service	-	-	-	8,296,312	-	8,296,312
Capital projects	-	-	-	-	2,866,181	2,866,181
Unreserved:						
Undesignated	17,413,749	212,157	-	-	-	17,625,906
<b>Total fund balances</b>	<b>17,413,749</b>	<b>212,157</b>	<b>-</b>	<b>8,296,312</b>	<b>2,866,181</b>	<b>28,788,399</b>
<b>Total liabilities and fund balances</b>	<b>\$ 35,652,367</b>	<b>\$ 3,365,887</b>	<b>\$ 622,722</b>	<b>\$ 8,843,199</b>	<b>\$ 5,489,788</b>	<b>\$ 53,973,963</b>
Total governmental fund balances						\$ 28,788,399
<b>Amounts reported for governmental activities in the statement of net assets are different because of the following:</b>						
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$346,303,518 and the accumulated depreciation is \$81,766,985.						264,536,533
Property taxes receivable are not available to pay for current period expenditures and therefore are deferred in the funds.						2,150,706
Deferred charges are not reported in the funds because they are not current financial resources, but they are reported in the statement of net assets. Deferred charges of \$480,701 have been amortized by \$153,854.						326,847
Unearned bond premiums are deferred in the Statement of Net Assets. The premiums of \$4,549,676 have been amortized by \$1,712,017.						(2,837,659)
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.						
Bonds and notes payable						(163,990,000)
Capital lease obligations						(9,484,222)
Compensated absences						(548,920)
Accrued interest payable						(2,487,701)
<b>Net assets of governmental activities</b>						<b>\$ 116,453,983</b>

The accompanying notes are an integral part of these basic financial statements.



ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the fiscal year ended June 30, 2010

Exhibit 4

	Special Revenue Funds					Total Governmental Funds
	General	Special Projects	Education Improvement Act	Debt Service	Capital Projects	
REVENUES						
Local						
Property taxes	\$ 38,710,382	\$ -	\$ -	\$ 19,808,576	\$ -	\$ 58,518,958
Interest	97,449	-	-	-	30,025	127,474
Other	2,413,272	2,182,321	-	-	25,212	4,620,805
Total local sources	41,221,103	2,182,321	-	19,808,576	55,237	63,267,237
State sources	71,820,350	4,578,143	8,244,468	1,141,054	-	85,784,015
Federal sources	206,774	17,145,415	-	-	-	17,352,189
Intergovernmental	250,000	244,829	-	17,000	-	511,829
Total revenues	113,498,227	24,150,708	8,244,468	20,966,630	55,237	166,915,270
EXPENDITURES						
Current						
Instruction	69,384,892	18,677,803	4,845,262	-	-	92,907,957
Support services	47,777,392	5,041,672	1,076,572	-	-	53,895,636
Community services	152,172	3,615	-	-	-	155,787
Intergovernmental	306,155	137,583	-	-	-	443,738
Debt service						
Principal	-	-	-	17,265,000	-	17,265,000
Interest	-	-	-	7,550,454	-	7,550,454
Other	-	-	-	1,342	-	1,342
Capital outlay	-	-	-	-	19,175,728	19,175,728
Total expenditures	117,620,611	23,860,673	5,921,834	24,816,796	19,175,728	191,395,642
Excess (deficiency) of revenues over (under) expenditures	(4,122,384)	290,035	2,322,634	(3,850,166)	(19,120,491)	(24,480,372)
OTHER FINANCING SOURCES (USES)						
Proceeds from bonds issued	-	-	-	-	24,221,529	24,221,529
Transfers in	2,787,977	-	-	4,812,013	-	7,599,990
Transfers out	(757,351)	(465,343)	(2,322,634)	-	(4,812,013)	(8,357,341)
Total other financing sources (uses)	2,030,626	(465,343)	(2,322,634)	4,812,013	19,409,516	23,464,178
Net change in fund balances	(2,091,758)	(175,308)	-	961,847	289,025	(1,016,194)
FUND BALANCES - JULY 1, 2009	19,505,507	387,465	-	7,334,465	2,577,156	29,804,593
FUND BALANCES - JUNE 30, 2010	\$ 17,413,749	\$ 212,157	\$ -	\$ 8,296,312	\$ 2,866,181	\$ 28,788,399

The accompanying notes are an integral part of these basic financial statements.

ROCK HILL SCHOOL DISTRICT THREE  
RECONCILIATION OF STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the fiscal year ended June 30, 2010

Exhibit 4  
(Continued)

Total net change in fund balances - governmental funds (from Exhibit 4)	\$ (1,016,194)
<b>Amounts reported for governmental activities in the statement of activities are different because of the following:</b>	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$7,626,426) exceeds capital outlays, net (\$1,086,302).	(6,540,124)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Capital lease payments	390,937
Bond anticipation notes retirement	12,500,000
Bond principal retirement	17,265,000
Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. In the current period, proceeds were received from bonds issued.	(23,730,000)
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount that bond premiums (\$312,346) exceed deferred bond issuance costs (\$37,640) along with net amortization of bond premiums and deferred issuance costs, which totaled \$274,706 in the current period.	274,706
Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year.	(58,309)
In the statement of activities, certain operating expenses - compensated absences (vacation pay) - are measured by the amounts <i>earned</i> during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually <i>paid</i> ). This year, the amount used exceeded the vacation earned.	(2,351)
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 when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(213,207)
Change in net assets of governmental activities (from Exhibit 2)	<u>\$ (1,129,542)</u>

The accompanying notes are an integral part of these basic financial statements.

ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2010

Exhibit 5

	<u>Enterprise Fund - Food Service</u>
<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$        2,853
Due from other funds	1,617,260
Due from governmental units	562,121
Purchased food inventory	29,968
Supplies inventory	<u>21,357</u>
Total current assets	<u>2,233,559</u>
NON-CURRENT ASSETS	
Property and equipment (less accumulated depreciation of \$2,995,152)	<u>1,376,906</u>
Total non-current assets	<u>1,376,906</u>
Total assets	<u><u>\$        3,610,465</u></u>
NET ASSETS	
Invested in capital assets	\$        1,376,906
Unrestricted	<u>2,233,559</u>
Total net assets	<u><u>\$        3,610,465</u></u>

The accompanying notes are an integral part of these basic financial statements.

ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
For the fiscal year ended June 30, 2010

Exhibit 6

	Enterprise Fund - Food Service
OPERATING REVENUES	
Proceeds from sales of meals	\$ 2,296,298
Other operating revenues	<u>1,681</u>
Total operating revenues	<u>2,297,979</u>
OPERATING EXPENSES	
Food costs	3,231,907
Salaries and wages	2,912,790
Supplies and materials	360,407
Depreciation	289,896
Other	<u>142,690</u>
Total operating expenses	<u>6,937,690</u>
Operating loss	<u>(4,639,711)</u>
NON-OPERATING REVENUES	
USDA reimbursements	4,545,284
Commodities received from USDA	336,332
Other state aid	<u>7,549</u>
Total non-operating revenues	<u>4,889,165</u>
OTHER FINANCING SOURCES	
Transfer from general fund	<u>459,951</u>
Total other financing sources	<u>459,951</u>
Change in net assets	709,405
NET ASSETS, JULY 1, 2009	<u>2,901,060</u>
NET ASSETS, JUNE 30, 2010	<u>\$ 3,610,465</u>

The accompanying notes are an integral part of these basic financial statements.

ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
For the fiscal year ended June 30, 2010

Exhibit 7

	<u>Enterprise Fund - Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from patrons	\$ 2,297,979
Payments to employees for services	(2,221,064)
Payments for employee benefits	(231,775)
Payments for goods and services	<u>(4,790,600)</u>
Net cash used by operating activities	<u>(4,945,460)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer from general fund	459,951
Nonoperating grants received	<u>4,552,835</u>
Net cash provided by noncapital financing activities	<u>5,012,786</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	<u>(73,050)</u>
Net cash used for capital and related financing activities	<u>(73,050)</u>
Net decrease in cash and cash equivalents	(5,724)
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2009</b>	<u>8,577</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2010</b>	<b><u>\$ 2,853</u></b>
<b>Reconciliation of operating loss to net cash used by operating activities</b>	
Operating loss	\$ (4,639,711)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	289,896
Commodities used	336,332
Changes in deferred and accrued amounts	
Due from other funds	(444,997)
Due from governmental units	<u>(486,980)</u>
Net cash used by operating activities	<b><u>\$ (4,945,460)</u></b>
<b>NONCASH TRANSACTIONS</b>	
During the fiscal year ended June 30, 2010, the School District received food commodities from the USDA totaling \$336,332.	

The accompanying notes are an integral part of these basic financial statements.

ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUND  
JUNE 30, 2010

Exhibit 8

ASSETS

Cash	\$ 12,100
Due from other funds	<u>1,066,578</u>
Total assets	<u><u>\$ 1,078,678</u></u>

LIABILITIES

Due to student organizations	<u>\$ 1,078,678</u>
Total liabilities	<u><u>\$ 1,078,678</u></u>

The accompanying notes are an integral part of these basic financial statements.

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Rock Hill School District Three (School District) is governed by a seven member elected Board of Trustees (Board). The School District provides regular and exceptional education for students in kindergarten through grade twelve.

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies.

**A. Reporting Entity**

The School District's financial statements include all funds over which the Board is considered to be financially accountable. The School District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the School District is not included in any other governmental reporting entity because it does not meet the financial accountability criteria for inclusion established by governmental accounting standards. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters. The School District invests funds and receives property tax revenues through its relationship with York County.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has a charter school, Children's Attention Home Charter School, which is considered to be a component unit.

***Discretely presented component unit*** – The Children's Attention Home Charter School is a public charter school, based on the guidelines of South Carolina Charter Schools Act of 1996. The charter school exclusively serves the School District and the charter school leadership terms remain under the jurisdiction of the School District's Board of Trustees and the School District Superintendent. Complete separately issued financial statement may be obtained from the administrative offices of Children's Attention Home Charter School, Post Office Box 2892, Rock Hill, South Carolina 29732.

In May 2002, the Governmental Accounting Standards Board issued GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement, effective in fiscal year 2004, provides additional guidance to determine whether certain organizations (such as parent-teacher organizations, foundations and athletic booster clubs) for which the School District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. The School District has determined that there are no support entities that meet the requirements for inclusion as a discretely presented component unit under GASB No. 39.

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

B. **Basis of Presentation**

The statements of the School District are presented as follows:

**Government-wide Financial Statements** - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The effect of interfund activity has been removed from these statements except for interfund services provided and used. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. There are no indirect expenses allocated to the direct expenses. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, including taxes, which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. 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.

**Fund Financial Statements** - Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The School District has no nonmajor funds. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the School District finances and meets cash flow needs of its proprietary activities.

**Cash Flow Statement** - For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.



ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Measurement Focus and Basis of Accounting**

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

***Governmental Funds***

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The following are the School District's major governmental funds:

***General Fund*** - to account for all financial transactions not properly accounted for in another fund. The School District uses this fund to account for expenditures principally for administration, instruction, pupil services, operation and maintenance of plant and related fixed charges.

***Special Revenue Funds*** - to account for the proceeds of specific revenue sources (other than debt service or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The School District has two special revenue funds:

- (1) Special Projects Fund, a budgeted fund used to account for financial resources provided by federal, state and local projects and grants.
- (2) The Education Improvement Act (EIA) Fund, a budgeted fund used to account for the revenue from the Education Improvement Act of 1984 and legally required to be accounted for as a specific revenue source.

***Capital Projects (Building) Fund*** - to account for the revenues and expenditures associated with building and site improvements.

***Debt Service Fund*** - to account for annual payments of principal and interest on long-term general obligation debt and related costs.

***Proprietary Funds***

Proprietary funds are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to provide sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The School District has no internal service funds. Non-operating revenues consist primarily of commodities and reimbursements received from the United States Department of Agriculture.

Within proprietary funds, operating revenues and expenses are presented in the Statement of Revenues, Expenses and Changes in Fund Net Assets. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Non-operating revenues consist primarily of commodities and reimbursements received from the United States Department of Agriculture. Sales for food service represent the operating revenues of the School District's proprietary fund. Operating expenses are necessary costs incurred to provide the goods or service that are the primary activity of the fund.

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

**Enterprise Funds** - to account for operations (a) where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or covered primarily through user charges or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Food Service Fund is the School District's only enterprise fund and is used to account for the United States Department of Agriculture (USDA) approved school breakfast and lunch programs.

***Fiduciary Funds***

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The School District's fiduciary funds consist of agency funds, which are custodial in nature, and do not involve measurement of results of operation. The agency funds are used to account for amounts held for student activity organizations.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

The School District follows GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, to account for non-exchange revenues. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 2). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, interest, tuition, grants, student fees and rentals.

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Measurement Focus and Basis of Accounting - (Continued)**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2010, but which have not met the revenue recognition criteria, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

**D. Assets, Liabilities and Equity**

**Cash and Investments** - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool (invested in government guaranteed securities), obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. Investments are recorded at fair value.

The York County Treasurer invests in authorized instruments on behalf of the School District. The York County Treasurer invests School District and other entity funds on a pooled basis with the Treasurer of the State of South Carolina. The State Treasurer invests in certificates of deposit, insured savings accounts, repurchase agreements, obligations of the United States government and government agencies guaranteed by the United States government.

**Receivables and Payables** - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. On fund financial statements, these receivables and payables, if containing a balance at the end of the fiscal year, are classified as "due from other funds" or "due to other funds" on the balance sheet. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for net residual amounts due between governmental and business-type activities, which are presented as internal balances.

The School District records its property tax receivables as levied net of an allowance for uncollectible amounts. The allowance for loss is 4% of property taxes receivable at fiscal year end.

**Inventories** - Under the system of accounting for inventory, 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 expense when consumed. Inventory includes food, supplies and commodities. An amount for commodities received from the USDA, but not consumed as of June 30, 2010, has been recorded at fair market value as provided by the USDA and is included in purchased food inventory.

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities and Equity - (Continued)

**Capital Assets** - General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally 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. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The cost and accumulated depreciation of property sold or retired are removed from the accounts, and gains or losses, if any, are reflected in revenue or expenditures/expenses for the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$100,000 for assets with lives of 15 or more years and \$5,000 for all other capital assets. The School District does not possess any infrastructure. Improvements are capitalized. 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 expensed.

In the enterprise fund, assets acquired or constructed by grants and shared revenues externally restricted for capital acquisitions and construction are reported as revenue in the period received in accordance with GASB Statement No. 33.

All reported capital assets other than land and construction in progress are depreciated. 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:

Description	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Buildings and improvements	50 years	20 years
Furniture and equipment	3 - 7 years	3 - 12 years

**Compensated Absences** - The School District reports compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The School District's policy is to pay any salary-related payments, including accumulated vacation leave, upon termination up to 10 days. However, employees may accumulate vacation leave up to 20 days to be taken as time off. The entire compensated absence liability is reported on the government-wide financial statements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Assets, Liabilities and Equity - (Continued)**

**Accrued Liabilities and Long-Term Obligations** - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**Fund Balances, Equity and Net Assets** - Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Reservations of net assets, in the enterprise fund, are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Interfund Activity** - Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental funds and enterprise balances are eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

The government-wide statement of activities excludes the effects of internal activity, if any, between the funds.

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Assets, Liabilities and Equity - (Continued)**

**Operating Revenues and Expenses** - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues consist of sales of breakfasts and lunches to students and teachers.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the School District's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Accounting** - State statutes require a budget for operations be approved before any expenditures are made. The Board will usually approve the operating budget in June for the fiscal year beginning July 1. A budget is adopted by July 1 of each fiscal year for the General Fund, on the same modified accrual basis used to reflect actual revenues and expenditures in the fund financial statements. The Board does not adopt a budget for the Special Revenue Fund. Special Revenue Fund budgets are controlled in conformance with the specific requirements of those funds (i.e., federal and state grant funds available are based on award amounts and the State EIA funds are based on the state appropriation). In addition, no budgets are prepared for the debt service and capital projects funds. A budget and actual comparison is presented in the accompanying fund financial statements for the general fund. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts adopted in the original appropriations. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended budget issued during the year ended June 30, 2010. This budget is prepared by function and object as dictated by the State-adopted Program Oriented Budgeting and Accounting System and for management control purposes. The School District's policies allow funds to be transferred between functions with administrative approval. The total budget cannot be increased beyond that level approved by the Board of Trustees originally and in supplementary action. The legal level of control is at the fund level.

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

1. In the winter, the School District sets its budget calendar for the preparation of the budget for the next succeeding fiscal year.
2. The finance department develops each schools' allocation based on a membership projection. Each principal uses this allocation to develop the individual school budgets.
3. The School District's Administrative Cabinet, consisting of the superintendent, associate superintendents and executive directors, reviews the requests and presents a proposed budget to the Board of Trustees.
4. After review and preliminary approval by the Board of Trustees, the proposed budget is presented at a public hearing. Following the public hearing, the Board adopts the budget.

The budget amounts in the financial statements are as amended and approved by the Board. No supplemental appropriations were necessary during the year.



ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (Continued)**

**Encumbrances** - The appropriations of the general fund of the School District lapse at June 30 each year and the outstanding purchase orders, contracts and other commitments must be renewed. Therefore, there are no reservations of the fund balances at year end for encumbrances.

**III. DETAILED NOTES ON ALL FUNDS**

**NOTE 1 - DEPOSITS, AMOUNTS ON DEPOSIT WITH YORK COUNTY TREASURER AND INVESTMENTS**

The School District is authorized by South Carolina state law to invest in the following types of investments:

1. Obligations of the United States and agencies thereof.
2. General obligations of the State of South Carolina or any of its political units.
3. Savings and loan associations to the extent they are guaranteed by the Federal Savings and Loans Insurance Corporation.
4. Deposits in certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificate of deposit so secured, including interest.
5. The State Treasurer's Local Government Investment Pool (monitored by the State Treasurer for investments invested in government-guaranteed securities in accordance with South Carolina State laws).
6. Repurchase agreements.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of bank failure, the School District's cash equivalents and deposits may not be returned to the School District. At June 30, 2010, the School District had deposits with a carrying amount of \$3,816,483 and a bank balance of \$6,515,768. The bank balance was entirely covered by Federal depository insurance or by collateral held by the School District or the School District's agent in the School District's name. The School District has no custodial credit risk since there are no uncollateralized or uninsured and unregistered securities held by the counterparty, or by its trust department or agent but not in the School District's name. Information was not available regarding the custodial credit risk of deposits with the York County Treasurer of \$16,273,006.

At June 30, 2010, the School District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Local government investment pool	Various	<u><b>\$ 19,100,025</b></u>

**Credit Risk** - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The School District has no investment policy that would further restrict its choices.

The Local Government Investment Pool (LGIP) is not rated. The fair value of the School District's position in the LGIP approximates the same value of the School District's LGIP shares. Further information may be obtained from the LGIP's complete financial statements. These financial statements may be obtained by writing to the following address:

Office of the State Treasurer, Local Government Investment Pool  
Post Office Box 11778, Columbia, South Carolina 29211



ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**III. DETAILED NOTES ON ALL FUNDS - (Continued)**

**NOTE 1 - DEPOSITS, AMOUNTS ON DEPOSIT WITH YORK COUNTY TREASURER AND INVESTMENTS**

- (Continued)

**Interest Rate Risk** - The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**NOTE 2 - PROPERTY TAXES**

The School District's property tax is levied each October on the assessed value listed as of the prior December 31 for all real and business personal property located in the School District. The assessed value on the roll at December 31, 2008, upon which the levy for the 2009-2010 fiscal years was based, was \$368,221,886 (excluding vehicles valued at \$37,712,545). Taxes are delinquent on March 15, the collection date, following the October 1 levy date. Property taxes become a lien against the property as of March 15 of the calendar year following the levy date. A tax auction is held the first Monday in October on all delinquent property. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month. Total tax collections, which include delinquent tax collections and penalties, equaled approximately 95% of the current tax levy for the year ended June 30, 2010.

South Carolina Code Section 12-37-251(A) provides a property tax exemption for property classified pursuant to Section 12-43-220(C) (homestead exemption) from property taxes levied for other than bonded indebtedness and payments pursuant to lease purchase agreements for capital construction. The exemption applies against millage imposed for school operations and the amount of fair market value of the homestead that is exempt from such millage must be set by the Department of Revenue and Taxation based on the amount available in the State Property Tax Relief Fund.

**NOTE 3 - RECEIVABLES**

Intergovernmental receivables at June 30, 2010 consisted of taxes, intergovernmental grants, reimbursements and interest. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Due from federal government	
School Food Service	\$ 562,121
Special Projects	
Title I	580,357
Title I - ARRA	182,537
IDEA	380,049
IDEA - ARRA	389,440
IDEA preschool - ARRA	7,668
Occupational education	110,865
Drug free schools	7,941
Adult education	20,302
State fiscal stabilization	1,067,220
Other special revenue programs	<u>241,999</u>
Total due from federal government	<u>3,550,499</u>
Total intergovernmental receivables	<u>\$ 3,550,499</u>

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**III. DETAILED NOTES ON ALL FUNDS - (Continued)**

NOTE 3 - RECEIVABLES, (Continued)

Receivables for property taxes are reported net of the allowance for uncollectible accounts. Taxes receivable of \$2,010,784 in the general fund and \$717,334 in the debt service fund are net of an allowance for uncollectibles of \$86,479 and \$33,027, respectively. Governmental funds report deferred revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2010, deferred revenue related to property taxes reported in the governmental funds totaled \$1,603,819 and \$546,887 in the general and debt service funds, respectively.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	<u>Balance, July 1, 2009</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance, June 30, 2010</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 10,433,629	\$ -	\$ -	\$ 10,433,629
Total capital assets, not being depreciated	<u>10,433,629</u>	<u>-</u>	<u>-</u>	<u>10,433,629</u>
Capital assets, being depreciated				
Buildings and improvements	321,827,664	1,610,304	-	323,437,968
Furniture and equipment	<u>12,955,923</u>	<u>189,102</u>	<u>713,104</u>	<u>12,431,921</u>
Total capital assets, being depreciated	<u>334,783,587</u>	<u>1,799,406</u>	<u>713,104</u>	<u>335,869,889</u>
Totals at historical cost	<u>345,217,216</u>	<u>1,799,406</u>	<u>713,104</u>	<u>346,303,518</u>
Less accumulated depreciation				
Buildings and improvements	66,465,725	6,382,554	-	72,848,279
Furniture and equipment	<u>8,382,424</u>	<u>1,243,872</u>	<u>707,590</u>	<u>8,918,706</u>
Total accumulated depreciation	<u>74,848,149</u>	<u>7,626,426</u>	<u>707,590</u>	<u>81,766,985</u>
Total net capital assets, being depreciated	<u>259,935,438</u>	<u>(5,827,020)</u>	<u>5,514</u>	<u>254,102,904</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 270,369,067</u>	<u>\$ (5,827,020)</u>	<u>\$ 5,514</u>	<u>\$ 264,536,533</u>

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**III. DETAILED NOTES ON ALL FUNDS - (Continued)**

NOTE 4 - CAPITAL ASSETS, (Continued)

	Balance, July 1, 2009	Additions/ Transfers	Deletions/ Transfers	Balance, June 30, 2010
<b>Business-type activities</b>				
Equipment	\$ 4,299,008	\$ 73,050	\$ -	\$ 4,372,058
Less accumulated depreciation				
Equipment	2,705,256	289,896	-	2,995,152
<b>Business-type activities capital assets, net</b>	<b>\$ 1,593,752</b>	<b>\$ (216,846)</b>	<b>\$ -</b>	<b>\$ 1,376,906</b>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 4,826,548
Support services	2,799,878
Total depreciation expense	<b>\$ 7,626,426</b>

NOTE 5 - CAPITAL LEASE OBLIGATION (ENERGY MANAGEMENT EQUIPMENT)

On September 29, 2006, the School District entered into an agreement to finance the lease purchase of certain energy management equipment. The agreement requires principal payments currently totaling \$9,484,222 over the remaining term of the lease at an interest cost of 3.98%. The lease term ends on October 27, 2023. Under the agreement, the School District is required to make payments each year, as follows:

2011	\$ 796,302
2012	816,206
2013	836,609
2014	857,526
2015	878,962
2016 - 2020	4,734,905
2021 - 2025	3,494,609
	12,415,119
Less interest	(2,930,897)
Total principal payments	<b>\$ 9,484,222</b>

The lease is accompanied by a Guaranteed Energy Savings Contract Authorized by South Carolina General Statute 48-52-620, Article 6 which was approved on August 28, 2006. The term of the contract is 15 years under which the District is guaranteed to realize energy, operations and maintenance cost savings of at least \$14,885,852.

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 6 - LONG-TERM DEBT

Changes in long-term obligations for the year ended June 30, 2010 were as follows:

	Principal outstanding July 1, 2009	Additions	Reductions	Principal outstanding June 30, 2010	Amounts due in one year
<b>Governmental activities</b>					
General obligation bonds					
October 1, 2000	\$ 4,750,000	\$ -	\$ 4,750,000	\$ -	\$ -
November 1, 2001	28,600,000	-	100,000	28,500,000	100,000
September 1, 2003	32,500,000	-	3,500,000	29,000,000	3,500,000
November 15, 2005	21,200,000	-	680,000	20,520,000	710,000
November 15, 2005	8,415,000	-	3,980,000	4,435,000	4,435,000
March 14, 2007	62,060,000	-	2,720,000	59,340,000	1,655,000
September 23, 2009	-	19,000,000	-	19,000,000	365,000
September 23, 2009	-	4,730,000	1,535,000	3,195,000	1,490,000
Total general obligation bonds	157,525,000	23,730,000	17,265,000	163,990,000	12,255,000
Unamortized bond premiums	2,688,712	179,182	30,235	2,837,659	316,075
Total bonds and notes payable	160,213,712	23,909,182	17,295,235	166,827,659	12,571,075
Capital lease obligations	9,875,159	-	390,937	9,484,222	426,561
Compensated absences	546,569	243,308	240,957	548,920	258,835
Total governmental activities general long-term debt	<u>\$ 170,635,440</u>	<u>\$ 24,152,490</u>	<u>\$ 17,927,129</u>	<u>\$ 176,860,801</u>	<u>\$ 13,256,471</u>

Compensated absences will be paid from the fund where the employee's salary is paid. General obligation debt will be paid from the debt service fund.

General obligation bonds consist of the following at June 30, 2010:

Date of Issue	Interest Rates	Payment Dates	Maturity	Original Issue	Outstanding at June 30, 2010
November 1, 2001	3.00 - 5.00	Mar./Sept.	2017	\$ 32,500,000	\$ 28,500,000
September 1, 2003	4.25 - 5.00	Mar./Sept.	2016	42,500,000	29,000,000
November 15, 2005	4.00 - 5.00	Mar./Sept.	2025	23,000,000	20,520,000
November 15, 2005	4.00	Mar./Sept.	2011	23,015,000	4,435,000
March 14, 2007	3.25 - 5.00	Mar./Sept.	2023	63,000,000	59,340,000
September 23, 2009	2.00 - 5.00	Mar./Sept.	2029	19,000,000	19,000,000
September 23, 2009	2.00 - 3.00	Mar./Sept.	2012	4,730,000	3,195,000
				<u>\$ 207,745,000</u>	<u>\$ 163,990,000</u>

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**III. DETAILED NOTES ON ALL FUNDS - (Continued)**

**NOTE 6 - LONG-TERM DEBT, (Continued)**

The annual requirements to amortize all general obligation bonds outstanding at June 30, 2010, including interest payments over the life of the debt, are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	\$ 12,255,000	\$ 7,318,850	\$ 19,573,850
2012	12,145,000	6,799,300	18,944,300
2013	11,625,000	6,255,000	17,880,000
2014	12,280,000	5,701,000	17,981,000
2015	12,020,000	4,781,883	16,801,883
2016-2020	36,080,000	20,040,621	56,120,621
2021-2025	31,845,000	11,377,274	43,222,274
2026-2030	26,140,000	5,029,963	31,169,963
2031-2035	9,600,000	486,000	10,086,000
	<b>\$ 163,990,000</b>	<b>\$ 67,789,891</b>	<b>\$ 231,779,891</b>

The School District issued \$19,000,000 in general obligation bonds, Series 2009A on September 23, 2009. A portion of the bonds mature annually on March 1 of each year. The bond coupon rates range from 2.00% to 5.00%.

The School District issued \$4,730,000 in general obligation refunding bonds, Series 2009B on September 23, 2009 with an average interest rate range of 2.00% to 3.00% to advance refund the outstanding Series 2000A bond. The net proceeds of \$4,812,013 (after payment of \$42,391 in underwriting fees, insurance and other issuance costs) were used to refund outstanding debt. The economic gain resulting from the transaction totaled approximately \$186,000.

Article X, Section 15 of the Constitution of the State of South Carolina, as amended, empowers each school district of the State to incur general obligation debt in such manner and upon such terms and conditions as the General Assembly shall prescribe by law. After November 30, 1982, each school district may incur general obligation debt, without an election and upon such terms and conditions as the General Assembly may prescribe, in an amount not exceeding 8% of the assessed value of all taxable property of such school district.

Bonded indebtedness existing on November 30, 1982, and bonded indebtedness authorized by a majority vote of the qualified electors of the School District voting in a referendum will not be considered in the computation of the 8% limitation. As of June 30, 2010, the remaining debt margin available to the School District was \$21,474,754.

**NOTE 7 - SHORT-TERM OBLIGATIONS**

	July 1, 2009	Additions	Reductions	June 30, 2010
Governmental activities:				
Tax anticipation notes	\$ -	\$ 6,021,000	\$ 6,021,000	\$ -
Bond anticipation notes	12,500,000	-	12,500,000	-
Total governmental activities	<b>\$ 12,500,000</b>	<b>\$ 6,021,000</b>	<b>\$ 18,521,000</b>	<b>\$ -</b>

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**III. DETAILED NOTES ON ALL FUNDS - (Continued)**

**NOTE 7 - SHORT-TERM OBLIGATIONS, (Continued)**

The School District issued \$6,021,000 in tax anticipation notes with an annual interest rate of 1.50% for the purposes of funding School District operations. The tax anticipation notes matured in February 2010 at which time they were repaid with general fund property tax revenues.

On November 18, 2008, the School District issued \$12,500,000 in general obligation bond anticipation notes. The bond anticipation notes matured on October 1, 2009 at which time they were repaid with proceeds from the issuance of the general obligation bonds (see Note 6).

**NOTE 8 - FUND BALANCES AND NET ASSETS**

The fund balances/net assets and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

***Governmental fund financial statements***

Fund balances - Reserved - represents those portions of fund balances which are not available for expenditure or are legally segregated for a specific future use.

Fund balances - Designated - represents tentative management plans that are subject to change.

Fund balances - Undesignated - represents the remainder of the School District's equity in governmental funds.

***Government-wide and proprietary fund financial statements***

Invested in capital assets, net of related debt - represents the net cost less accumulated depreciation and outstanding debt less unexpended proceeds attributable to the organization of the capital assets.

Restricted net assets - represents net assets restricted externally by creditors, grantors, contributors or laws and regulations of other governments, or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - represents the remainder of the School District's net assets in government-wide and business-type activities.

**NOTE 9 - TRANSFERS IN/OUT AND INTERFUND RECEIVABLES/PAYABLES**

During the course of normal operations, the School District has transactions between funds to provide services, construct assets, service debt, etc. These transactions are generally reflected as transfers. Funds are transferred into the general fund from other funds to cover Education Improvement Act raises for teachers, indirect costs for federal programs and the required Medicaid match. Funds are transferred from the general fund into special projects funds for future innovative board designated projects and staff development. Funds are transferred from the general fund to the capital projects and debt service fund for capital needs for each school. Funds are transferred from the general fund to the food service fund for reimbursement of fringe-related costs. Funds are transferred into the pupil activity fund from the general fund for support of student extra-curricular activities. Total transfers during the year ended June 30, 2010 consisted of the following individual fund amounts:



ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

III. DETAILED NOTES ON ALL FUNDS - (Continued)

NOTE 9 - TRANSFERS IN/OUT AND INTERFUND RECEIVABLES/PAYABLES, (Continued)

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,787,977	\$ 757,351
Education Improvement Act Fund	-	2,322,634
Debt Service Fund	4,812,013	-
Capital Projects Fund	-	4,812,013
Pupil Activity Fund	297,400	-
Food Service Fund	459,951	-
Special Projects Fund	-	465,343
	<u>\$ 8,357,341</u>	<u>\$ 8,357,341</u>

Interfund balances are comprised of expenditures paid on behalf of the special projects fund, education improvement act fund, debt service fund, capital projects fund, food service fund and the agency fund by the general fund and are to be repaid. As of June 30, 2010, amounts due from (to) other funds related to the School District's pooled cash are as follows:

	General fund	Special projects	Education Improvement Act	Debt service	Capital projects	Food service	Agency fund	Total
Due from special projects	\$ 3,899,153	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,899,153
Due from capital projects	2,623,607	-	-	-	-	-	-	2,623,607
Due from general fund	-	-	506,969	580,217	-	1,617,260	1,066,578	3,771,024
	<u>6,522,760</u>	<u>-</u>	<u>506,969</u>	<u>580,217</u>	<u>-</u>	<u>1,617,260</u>	<u>1,066,578</u>	<u>10,293,784</u>
Due to Education Improvement Act	(506,969)	-	-	-	-	-	-	(506,969)
Due to special projects	(1,924,755)	-	-	-	-	-	-	(1,924,755)
Due to debt service	(580,217)	-	-	-	-	-	-	(580,217)
Due to food service	(1,617,260)	-	-	-	-	-	-	(1,617,260)
Due to general fund	-	(1,974,398)	-	-	(2,623,607)	-	-	(4,598,005)
Due to agency fund	(1,066,578)	-	-	-	-	-	-	(1,066,578)
	<u>(5,695,779)</u>	<u>(1,974,398)</u>	<u>-</u>	<u>-</u>	<u>(2,623,607)</u>	<u>-</u>	<u>-</u>	<u>(10,293,784)</u>
	<u>\$ 826,981</u>	<u>\$ (1,974,398)</u>	<u>\$ 506,969</u>	<u>\$ 580,217</u>	<u>\$ (2,623,607)</u>	<u>\$ 1,617,260</u>	<u>\$ 1,066,578</u>	<u>\$ -</u>

NOTE 10 - ARBITRAGE REBATE

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. As of June 30, 2010, there were no amounts outstanding for arbitrage rebates.



ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**IV. OTHER INFORMATION**

**NOTE 11 - RETIREMENT BENEFITS**

Substantially all School District employees are members of the South Carolina Retirement System (SCRS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board. The System provides retirement and disability benefits, cost of living adjustments on an ad hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws. The System issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the South Carolina Retirement System. That report may be obtained by writing the South Carolina Retirement System, Post Office Box 11960, Columbia, South Carolina 29211-1960.

Both employees and employers are required to contribute to the Plan under authority of Title 9 of the South Carolina Code of Laws. Employees are required to contribute 6.50% of their annual covered salary, and the School District is required to contribute at an actuarially determined rate. The current rate is 9.24% of annual covered payroll. In addition, the School District contributes .15% of payroll to a group life insurance benefit for their participants and 3.50% for retiree health coverage. The School District's contributions to the System, including group life insurance and retiree health coverage, for the years ended June 30, 2010, 2009 and 2008 were \$8,523,394, \$8,669,114 and \$7,873,760, respectively, which are equal to the required contributions.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement may participate in the Teacher and Employee Retention Incentive Program (TERI). TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits, which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2006, TERI participants who entered the program before July 1, 2005 make no employee contributions while covered under the TERI program. No additional service credit is earned during this period and participants are ineligible for disability retirement benefits. TERI participants with retirement dates on or after July 1, 2005 make the same pre-tax contributions to the SCRS as active members. In addition, they are eligible to receive group life insurance benefits, but are ineligible to receive service credit or disability retirement benefits.

Certain School District employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The School District assumes no liability for this plan other than for payment of contributions to designated insurance companies. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 6.50% plus the retiree surcharge of 3.50% from the employer in fiscal year 2010.

Certain of the School District's employees have elected to be covered under optional retirement plans. Total contribution requirements (excluding the surcharge) for the years ended June 30, 2010, 2009 and 2008 to the ORP were \$323,493, \$286,007 and \$241,770, respectively, from the School District as employer. All amounts were remitted to the Retirement Division of the State Budget and Control Board for distribution to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**IV. OTHER INFORMATION - (Continued)**

**NOTE 12 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description** - In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. The District contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability benefits (BLTD) are provided to active state, public school district and participating local government employees approved for disability.

**Funding Policies** - Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by state general fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.50% of annual covered payroll for 2010 and 2009. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The District paid approximately \$3,500,477 and \$3,549,085 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2010 and 2009, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.23 for the fiscal years ended June 30, 2010 and 2009.

Effective May 1, 2008, the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance program, 1201 Main Street, Suite 360, Columbia, South Carolina 29201.

**NOTE 13 - DEFERRED COMPENSATION/SALARY DEFERRAL PLAN**

The School District employees may participate in the 457 and/or 401(k) defined contribution deferred compensation plans available to state and local governmental employees through the state public employee retirement system. These programs are administered by a state approved nongovernmental third party. Contributions by employees under these plans totaled \$781,667 for the year ended June 30, 2010.

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**IV. OTHER INFORMATION - (Continued)**

**NOTE 14 - 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 for which the School District carries commercial insurance. During the year ended June 30, 2010, the School District obtained its general liability, workers' compensation, and property insurance through the South Carolina School Boards Insurance Trust (the "Trust") which represents South Carolina school districts joined together in a public entity risk pool. The School District pays an annual premium to the Trust for its general liability, workers' compensation and property insurance. The agreement for formation of the Trust provides that the Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for each insured event.

The School District obtains its employee health and life insurance through the South Carolina State Budget and Control Board, Office of Insurance Services, which represents all State agencies in South Carolina, joined together in a public entity risk pool. The School District pays monthly premiums based on participating employees.

Prior to July 1, 1978, school districts in South Carolina were exempt from unemployment taxes. Effective July 1, 1978, school districts were no longer exempted from these taxes. As a result, the School District established a limited risk management program for unemployment compensation. The School District reimburses the South Carolina Employment Security Commission for actual claims paid attributable to service in the employ of the School District. Claims paid during the year ended June 30, 2010 were \$94,937 and were reported in the General Fund. No separate liability for unemployment claims has been established due to the insignificant amounts of the expenditures.

The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Insurance coverage has remained stable since the prior fiscal year.

**NOTE 15 - COMMITMENTS**

The School District entered into a noncancellable operating lease for office equipment in March 2008. The lease requires a minimum monthly payment of \$17,772 for a term of 60 months expiring in February 2013. It is anticipated that similar leases will be continued when this lease expires. Lease expense for the year ended June 30, 2010 was \$230,606.

Annual lease commitments for the years ending June 30 are as follows:

2011	\$ 215,520
2012	215,520
2013	125,720

**NOTE 16 - CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

The School District is a defendant in lawsuits arising in the normal course of business. It is the opinion of the School District's management, after conferring with legal counsel, that the liability, if any, which might arise from these lawsuits would not have a material adverse effect on the School District's financial position.

ROCK HILL SCHOOL DISTRICT THREE  
NOTES TO BASIC FINANCIAL STATEMENTS

**IV. OTHER INFORMATION - (Continued)**

NOTE 17 - SUBSEQUENT EVENTS

In October 2010, the School District issued \$5,000,000 in general obligation bonds, Series 2010A with an annual interest rate range of 3.00% to 4.00% that mature in 2015.

In October 2010, the School District issued \$23,180,000 in general obligation bonds, Series 2010B with an annual interest rate 5.00% that mature in 2017.

NOTE 18 - NEW ACCOUNTING PRONOUNCEMENTS AND OTHER MATTERS

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, is effective for the School District beginning with its year ended June 30, 2010. This Statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be effective for the School District beginning with its year ended June 30, 2011. This Statement 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 governmental funds.

# Required Supplementary Information



# GENERAL FUND



**To account for all financial resources except those required to be accounted for in another fund. All property taxes, intra-governmental revenues, and miscellaneous revenues are recorded in this fund except amounts which are specifically collected to service debt or for which the District collects other funds in a fiduciary capacity. Operational expenditures for general education, support services and other departments for the District are paid through the General Fund.**

**The following Budgetary Comparison Schedule for the General Fund has been prepared in the format mandated by the South Carolina Department of Education. The account numbers shown on the schedule are also mandated by the South Carolina Department of Education.**

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

Schedule 1

	Original	Final	Actual	Variance with Final Budget
<b>REVENUES</b>				
1000 Revenue from local sources				
1100 Taxes				
1110 Ad valorem taxes - including delinquent	\$ 30,200,000	\$ 30,200,000	\$ 29,226,531	\$ (973,469)
1140 Penalties and interest on taxes	1,200,000	1,200,000	1,562,173	362,173
1200 Revenue from local government units other than LEA's				
1210 Ad valorem taxes - including delinquent	7,750,000	7,750,000	7,588,305	(161,695)
1240 Penalties and interest on taxes	250,000	250,000	333,373	83,373
1280 Revenue in lieu of taxes	2,000,000	2,000,000	1,957,585	(42,415)
1300 Tuition				
1310 From patrons for regular day school	20,000	20,000	-	(20,000)
1500 Earnings on investments				
1510 Interest on investments	350,000	350,000	97,449	(252,551)
1900 Other revenue from local sources				
1910 Rentals	-	-	93,308	93,308
1920 Contributions & donations private sources	-	-	40,417	40,417
1930 Medicaid	-	-	12,749	12,749
1950 Refund of prior year's expenditures	-	-	241,125	241,125
1999 Revenue from other local sources	425,000	425,000	195,287	(229,713)
Total local sources	42,195,000	42,195,000	41,348,302	(846,698)
2000 Intergovernmental revenue				
2100 Payments from other governmental units	-	-	250,000	250,000
Total intergovernmental revenue	-	-	250,000	250,000
3000 Revenue from state sources				
3100 Restricted state grants				
3131 Handicapped transportation	-	-	15,576	15,576
3160 School bus driver's salary	600,000	600,000	696,888	96,888
3162 Worker's comp revenue	-	-	53,987	53,987
3180 Fringe benefits employer contributions	13,500,000	13,500,000	13,492,042	(7,958)
3181 Retiree insurance	1,887,000	1,887,000	1,960,015	73,015
3199 Other restricted state grants	-	-	65,029	65,029
Total restricted state grants	15,987,000	15,987,000	16,283,537	296,537
3300 Education Finance Act				
3310 Full-time programs				
3311 Kindergarten	2,580,000	2,580,000	2,404,217	(175,783)
3312 Primary	7,004,000	7,004,000	6,438,560	(565,440)
3313 Elementary	8,900,000	8,900,000	7,877,862	(1,022,138)
3314 High school	4,900,000	4,900,000	4,224,081	(675,919)
3315 Trainable mentally handicapped	150,000	150,000	96,141	(53,859)
3316 Speech handicapped (part-time program)	1,950,000	1,950,000	1,514,358	(435,642)
3317 Homebound	120,000	120,000	84,389	(35,611)
3320 Part-time programs				
3321 Emotionally handicapped	230,000	230,000	163,062	(66,938)
3322 Educable mentally handicapped	120,000	120,000	84,143	(35,857)
3323 Learning disabilities	4,216,000	4,216,000	3,683,494	(532,506)
3324 Hearing handicapped	140,000	140,000	128,168	(11,832)
3325 Visually handicapped	100,000	100,000	83,471	(16,529)
3326 Orthopedically handicapped	140,000	140,000	81,459	(58,541)
3327 Vocational	4,100,000	4,100,000	3,673,908	(426,092)
3330 Other EFA programs				
3331 Autism	250,000	250,000	216,567	(33,433)
Total Education Finance Act	34,900,000	34,900,000	30,753,880	(4,146,120)



ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

Schedule 1

	Original	Final	Actual	Variance with Final Budget
REVENUES, Continued				
3000 Revenue from state sources				
3800 State revenue in lieu of taxes				
3810 Reimbursement for local residential property tax relief	5,991,204	5,991,204	5,991,205	1
3820 Homestead exemption	1,690,000	1,690,000	1,710,186	20,186
3825 Reimbursement for property tax relief	16,000,000	16,000,000	15,873,009	(126,991)
3830 Merchant's inventory tax	243,000	243,000	221,539	(21,461)
3840 Manufacturer's depreciation reimbursement	1,070,000	1,070,000	1,015,013	(54,987)
3890 Other state property tax revenues	-	-	92,830	92,830
Total state revenue in lieu of taxes	24,994,204	24,994,204	24,903,782	(90,422)
Total state sources	75,881,204	75,881,204	71,941,199	(3,940,005)
4000 Revenue from federal sources				
4900 Other federal sources				
4999 Revenue from other federal sources	-	-	206,774	206,774
Total other federal sources	-	-	206,774	206,774
Total federal sources	-	-	206,774	206,774
Total revenue all sources	118,076,204	118,076,204	113,746,275	(4,329,929)
EXPENDITURES				
100 Instruction				
110 General instruction				
111 Kindergarten programs				
100 Salaries	3,249,182	3,249,182	3,211,049	38,133
200 Employee benefits	998,734	998,734	960,354	38,380
300 Purchased services	700	56,427	56,260	167
400 Supplies and materials	71,441	69,231	67,109	2,122
	4,320,057	4,373,574	4,294,772	78,802
112 Primary programs				
100 Salaries	10,865,352	10,837,274	10,982,778	(145,504)
200 Employee benefits	3,310,907	3,302,058	3,288,955	13,103
300 Purchased services	18,100	148,537	144,283	4,254
400 Supplies and materials	171,290	162,640	162,311	329
500 Capital outlay	-	-	22,161	(22,161)
	14,365,649	14,450,509	14,600,488	(149,979)
113 Elementary programs				
100 Salaries	19,094,648	18,742,816	18,602,032	140,784
200 Employee benefits	5,768,399	5,698,467	5,612,520	85,947
300 Purchased services	76,105	308,909	286,472	22,437
400 Supplies and materials	289,560	307,207	301,121	6,086
500 Capital outlay	16,700	2,633	-	2,633
600 Other objects	1,700	2,243	2,167	76
	25,247,112	25,062,275	24,804,312	257,963
114 High school programs				
100 Salaries	12,825,818	11,918,920	11,602,507	316,413
200 Employee benefits	3,724,479	3,535,528	3,460,583	74,945
300 Purchased services	137,623	328,296	293,931	34,365
400 Supplies and materials	336,043	316,260	295,314	20,946
600 Other objects	2,229	1,409	1,960	(551)
	17,026,192	16,100,413	15,654,295	446,118
115 Career and technology education programs				
100 Salaries	2,194,135	2,194,135	2,184,020	10,115
200 Employee benefits	661,083	661,083	646,165	14,918
300 Purchased services	10,600	31,567	27,491	4,076
400 Supplies and materials	122,192	128,442	77,923	50,519
500 Capital outlay	8,000	1,000	-	1,000
600 Other objects	3,550	3,550	2,400	1,150
	2,999,560	3,019,777	2,937,999	81,778
Total general instruction	63,958,570	63,006,548	62,291,866	714,682

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

Schedule 1

		Original	Final	Actual	Variance with Final Budget
EXPENDITURES, Continued					
100	Instruction, continued				
120	Exceptional programs				
121	Educable mentally handicapped				
100	Salaries	368,724	368,724	365,081	3,643
200	Employee benefits	107,566	107,566	106,223	1,343
300	Purchased services	-	7,904	7,904	-
400	Supplies and materials	2,475	1,920	1,694	226
		<u>478,765</u>	<u>486,114</u>	<u>480,902</u>	<u>5,212</u>
122	Trainable mentally handicapped				
100	Salaries	357,546	357,546	353,939	3,607
200	Employee benefits	102,970	102,970	99,930	3,040
300	Purchased services	200	10,716	10,515	201
400	Supplies and materials	2,769	2,769	2,259	510
		<u>463,485</u>	<u>474,001</u>	<u>466,643</u>	<u>7,358</u>
123	Orthopedically handicapped				
100	Salaries	44,479	44,479	44,012	467
200	Employee benefits	12,299	12,299	12,375	(76)
300	Purchased services	-	2,172	2,172	-
		<u>56,778</u>	<u>58,950</u>	<u>58,559</u>	<u>391</u>
124	Visually handicapped				
100	Salaries	59,291	59,291	58,667	624
200	Employee benefits	19,471	19,471	19,667	(196)
300	Purchased services	400	841	840	1
		<u>79,162</u>	<u>79,603</u>	<u>79,174</u>	<u>429</u>
125	Hearing handicapped				
100	Salaries	125,607	125,607	123,797	1,810
200	Employee benefits	40,209	40,209	39,053	1,156
300	Purchased services	-	1,311	116,409	(115,098)
		<u>165,816</u>	<u>167,127</u>	<u>279,259</u>	<u>(112,132)</u>
126	Speech handicapped				
100	Salaries	164,194	164,194	183,848	(19,654)
200	Employee benefits	52,962	52,962	53,613	(651)
400	Supplies and materials	4,500	6,549	6,560	(11)
		<u>221,656</u>	<u>223,705</u>	<u>244,021</u>	<u>(20,316)</u>
127	Learning disabilities				
100	Salaries	2,938,351	2,955,775	2,905,471	50,304
200	Employee benefits	895,399	895,399	872,397	23,002
300	Purchased services	440	20,833	20,759	74.00
400	Supplies and materials	13,470	12,651	12,226	425
		<u>3,847,660</u>	<u>3,884,658</u>	<u>3,810,853</u>	<u>73,805</u>
128	Emotionally handicapped				
100	Salaries	189,073	189,073	187,083	1,990
200	Employee benefits	59,449	59,449	56,656	2,793
300	Purchased services	-	2,356	2,356	-
400	Supplies and materials	1,055	895	886	9
		<u>249,577</u>	<u>251,773</u>	<u>246,981</u>	<u>4,792</u>
	Total exceptional programs	<u>5,562,899</u>	<u>5,625,931</u>	<u>5,666,392</u>	<u>(40,461)</u>
130	Pre-school programs				
133	Pre-school handicapped self-contained (5 yr. olds)				
100	Salaries	168,077	168,077	165,933	2,144
200	Employee benefits	47,684	47,684	47,957	(273)
300	Purchased services	100	4,837	4,737	100
400	Supplies and materials	1,807	1,807	1,362	445
		<u>217,668</u>	<u>222,405</u>	<u>219,989</u>	<u>2,416</u>

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

Schedule 1

		Original	Final	Actual	Variance with Final Budget
EXPENDITURES, Continued					
100 Instruction, continued					
130 Pre-school programs, continued					
137 Preschool handicapped self-contained (3 and 4 yr. olds)					
100 Salaries		34,529	34,529	34,166	363
200 Employee benefits		14,848	14,848	14,645	203
300 Purchased services		-	2,865	2,865	-
		<u>49,377</u>	<u>52,242</u>	<u>51,676</u>	<u>566</u>
139 Early childhood programs					
100 Salaries		345,225	345,225	341,400	3,825
200 Employee benefits		96,934	96,934	90,122	6,812
300 Purchased services		-	6,018	4,904	1,114
400 Supplies and materials		10,102	9,747	5,640	4,107
		<u>452,261</u>	<u>457,924</u>	<u>442,066</u>	<u>15,858</u>
Total pre-school programs		<u>719,306</u>	<u>732,571</u>	<u>713,731</u>	<u>18,840</u>
140 Special programs					
141 Gifted and talented - academic					
100 Salaries		146,254	146,254	136,279	9,975
200 Employee benefits		44,279	44,279	39,019	5,260
400 Supplies and materials		400	300	-	300
		<u>190,933</u>	<u>190,833</u>	<u>175,298</u>	<u>15,535</u>
143 Advanced placement					
400 Supplies and materials		800	748	748	-
		<u>800</u>	<u>748</u>	<u>748</u>	<u>-</u>
145 Homebound					
100 Salaries		280,000	280,000	201,240	78,760
200 Employee benefits		60,284	60,284	42,391	17,893
300 Purchased services		8,400	8,400	3,858	4,542
		<u>348,684</u>	<u>348,684</u>	<u>247,489</u>	<u>101,195</u>
Total special programs		<u>540,417</u>	<u>540,265</u>	<u>423,535</u>	<u>116,730</u>
150 Districtwide general/exceptional salary increase					
151 Districtwide general/exceptional					
100 Salaries		40,000	40,000	-	40,000
200 Employee benefits		8,216	8,216	-	8,216
Total districtwide general/exceptional		<u>48,216</u>	<u>48,216</u>	<u>-</u>	<u>48,216</u>
160 Other exceptional programs					
161 Autism					
100 Salaries		211,860	211,860	209,478	2,382
200 Employee benefits		64,269	64,269	62,225	2,044
300 Purchased services		-	3,188	3,188	-
400 Supplies and materials		1,200	900	900	-
		<u>277,329</u>	<u>280,217</u>	<u>275,791</u>	<u>4,426</u>
Total other exceptional programs		<u>277,329</u>	<u>280,217</u>	<u>275,791</u>	<u>4,426</u>
180 Adult/continuing educational programs					
181 Adult basic education programs					
100 Salaries		92,021	92,021	87,564	4,457
140 Terminal leave		-	-	1,687	(1,687)
200 Employee benefits		27,354	27,354	26,266	1,088
300 Purchased services		750	750	395	355
400 Supplies and materials		6,099	6,099	5,129	970
600 Other objects		487	487	467	20
		<u>126,711</u>	<u>126,711</u>	<u>121,508</u>	<u>5,203</u>

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

Schedule 1

		Original	Final	Actual	Variance with Final Budget
<b>EXPENDITURES, Continued</b>					
100	Instruction, continued				
180	Adult/continuing educational programs, continued				
188	Parenting/family literacy				
100	Salaries	35,154	35,154	32,995	2,159
200	Employee benefits	10,320	10,320	9,895	425
300	Purchased services	8,500	8,643	9,264	(621)
400	Supplies and materials	13,185	12,994	201	12,793
		<u>67,159</u>	<u>67,111</u>	<u>52,355</u>	<u>14,756</u>
	Total adult/continuing educational programs	<u>193,870</u>	<u>193,822</u>	<u>173,863</u>	<u>19,959</u>
	Total instruction	<u>71,300,607</u>	<u>70,427,570</u>	<u>69,545,178</u>	<u>882,392</u>
200	Support services				
210	Pupil services				
211	Attendance and social work services				
100	Salaries	486,181	487,681	392,350	95,331
200	Employee benefits	155,692	156,000	125,627	30,373
300	Purchased services	8,413	10,184	9,317	867
400	Supplies and materials	7,343	6,442	6,184	258
600	Other objects	388	388	85	303
		<u>658,017</u>	<u>660,695</u>	<u>533,563</u>	<u>127,132</u>
212	Guidance services				
100	Salaries	2,558,648	2,558,648	2,519,079	39,569
200	Employee benefits	733,309	733,309	721,520	11,789
300	Purchased services	3,820	2,618	628	1,990
400	Supplies and materials	31,035	30,754	23,040	7,714
600	Other objects	1,541	1,174	1,042	132
		<u>3,328,353</u>	<u>3,326,503</u>	<u>3,265,309</u>	<u>61,194</u>
213	Health services				
100	Salaries	660,356	660,356	661,589	(1,233)
200	Employee benefits	202,494	202,494	188,771	13,723
300	Purchased services	6,890	38,943	36,190	2,753
400	Supplies and materials	31,656	30,298	29,955	343
600	Other objects	575	1,887	1,887	-
		<u>901,971</u>	<u>933,978</u>	<u>918,392</u>	<u>15,586</u>
214	Psychological services				
100	Salaries	741,959	741,959	732,233	9,726
200	Employee benefits	205,549	205,549	200,713	4,836
300	Purchased services	17,523	485	485	-
400	Supplies and materials	3,000	3,503	3,502	1
		<u>968,031</u>	<u>951,496</u>	<u>936,933</u>	<u>14,563</u>
216	Vocational placement services				
100	Salaries	129,993	129,993	140,536	(10,543)
200	Employee benefits	38,716	38,716	40,598	(1,882)
300	Purchased services	19,121	18,247	3,726	14,521
400	Supplies and materials	3,500	4,374	3,945	429
600	Other objects	100	100	124	(24)
		<u>191,430</u>	<u>191,430</u>	<u>188,929</u>	<u>2,501</u>
	Total pupil services	<u>6,047,802</u>	<u>6,064,102</u>	<u>5,843,126</u>	<u>220,976</u>
220	Instructional staff services				
221	Improvement of instruction - curriculum development				
100	Salaries	1,015,353	1,115,703	1,010,576	105,127
200	Employee benefits	291,139	311,755	274,603	37,152
300	Purchased services	167,091	137,141	133,988	3,153
400	Supplies and materials	161,303	161,303	72,005	89,298
500	Capital outlay	12,000	7,000	-	7,000
600	Other objects	70,640	100,590	122,852	(22,262)
		<u>1,717,526</u>	<u>1,833,492</u>	<u>1,614,024</u>	<u>219,468</u>

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

Schedule 1

		Original	Final	Actual	Variance with Final Budget
EXPENDITURES, Continued					
200	Support services, continued				
220	Instructional staff services, continued				
222	Library and media services				
100	Salaries	1,686,149	1,686,149	1,554,343	131,806
200	Employee benefits	481,712	481,712	435,533	46,179
300	Purchased services	2,056	3,920	3,921	(1)
400	Supplies and materials	159,000	158,766	155,838	2,928
500	Capital outlay	2,700	-	-	-
600	Other objects	100	50	50	-
		<u>2,331,717</u>	<u>2,330,597</u>	<u>2,149,685</u>	<u>180,912</u>
223	Supervision of special programs				
100	Salaries	235,408	235,408	240,411	(5,003)
200	Employee benefits	76,392	76,392	76,471	(79)
300	Purchased services	12,750	10,869	8,256	2,613
400	Supplies and materials	17,387	16,884	16,443	441
600	Other objects	750	500	111	389
		<u>342,687</u>	<u>340,053</u>	<u>341,692</u>	<u>(1,639)</u>
224	Improvement of instruction - inservice and staff training				
100	Salaries	-	-	428	(428)
200	Employee benefits	-	-	31	(31)
300	Purchased services	18,710	14,391	7,517	6,874
400	Supplies and materials	-	-	4	(4)
		<u>18,710</u>	<u>14,391</u>	<u>7,980</u>	<u>6,411</u>
	Total instructional staff services	<u>4,410,640</u>	<u>4,518,533</u>	<u>4,113,381</u>	<u>405,152</u>
230	General administration services				
231	Board of Education				
100	Salaries	44,400	44,400	43,717	683
200	Employee benefits	74,559	74,559	81,852	(7,293)
300	Purchased services	148,188	148,188	57,122	91,066
318	Audit services	43,250	43,250	59,800	(16,550)
400	Supplies and materials	1,900	1,900	282	1,618
600	Other objects	6,500	6,500	22,075	(15,575)
		<u>318,797</u>	<u>318,797</u>	<u>264,848</u>	<u>53,949</u>
232	Office of the superintendent				
100	Salaries	294,518	294,518	316,478	(21,960)
200	Employee benefits	80,639	80,639	80,121	518
300	Purchased services	18,367	18,646	8,199	10,447
400	Supplies and materials	12,350	12,350	5,530	6,820
600	Other objects	60,450	60,450	20,030	40,420
		<u>466,324</u>	<u>466,603</u>	<u>430,358</u>	<u>36,245</u>
233	School administration				
100	Salaries	7,727,141	7,818,019	7,712,121	105,898
140	Terminal leave	-	-	11,125	(11,125)
200	Employee benefits	2,381,445	2,400,445	2,373,584	26,861
300	Purchased services	187,205	196,006	132,725	63,281
400	Supplies and materials	261,614	293,773	280,023	13,750
500	Capital outlay	7,575	3,648	3,035	613
600	Other objects	15,425	11,713	9,023	2,690
		<u>10,580,405</u>	<u>10,723,604</u>	<u>10,521,636</u>	<u>201,968</u>
	Total general administration services	<u>11,365,526</u>	<u>11,509,004</u>	<u>11,216,842</u>	<u>292,162</u>

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

Schedule 1

		Original	Final	Actual	Variance with Final Budget
EXPENDITURES, Continued					
200	Support services, continued				
250	Finance and operations services				
252	Fiscal services				
100	Salaries	772,804	772,804	717,056	55,748
140	Terminal leave	-	-	4,253	(4,253)
200	Employee benefits	218,393	218,393	203,745	14,648
300	Purchased services	98,704	98,704	95,436	3,268
400	Supplies and materials	44,819	44,819	50,565	(5,746)
500	Capital outlay	2,500	2,500	-	2,500
600	Other objects	1,375	1,375	1,318	57
		<u>1,138,595</u>	<u>1,138,595</u>	<u>1,072,373</u>	<u>66,222</u>
254	Operation and maintenance of plant				
100	Salaries	5,109,019	5,109,019	4,958,211	150,808
140	Terminal leave	-	-	6,856	(6,856)
200	Employee benefits	1,795,477	1,795,477	1,697,711	97,766
321	Public utilities	4,501,738	4,413,402	3,651,716	761,686
400	Supplies and materials	2,322,647	2,322,819	1,373,265	949,554
470	Energy	4,181,497	4,181,497	3,783,110	398,387
500	Capital outlay	3,000	3,000	554,030	(551,030)
600	Other objects	3,300	3,300	324,723	(321,423)
		<u>17,916,678</u>	<u>17,828,514</u>	<u>16,349,622</u>	<u>1,478,892</u>
255	Student transportation				
100	Salaries	2,183,806	2,183,806	2,182,893	913
200	Employee benefits	770,629	770,629	747,749	22,880
300	Purchased services	56,240	47,045	35,964	11,081
400	Supplies and materials	20,405	26,600	21,437	5,163
500	Capital outlay	8,880	8,880	-	8,880
600	Other objects	7,700	10,700	10,017	683
		<u>3,047,660</u>	<u>3,047,660</u>	<u>2,998,060</u>	<u>49,600</u>
256	Food services				
100	Salaries	-	-	473	(473)
200	Employee benefits	-	-	34	(34)
		<u>-</u>	<u>-</u>	<u>507</u>	<u>(507)</u>
257	Internal services				
100	Salaries	266,923	266,923	262,624	4,299
140	Terminal leave	-	-	3,529	(3,529)
200	Employee benefits	81,454	81,454	80,627	827
300	Purchased services	253,230	251,081	205,340	45,741
400	Supplies and materials	2,200	3,900	44,732	(40,832)
600	Other objects	290	65	60	5
		<u>604,097</u>	<u>603,423</u>	<u>596,912</u>	<u>6,511</u>
258	Security				
100	Salaries	173,371	173,371	168,634	4,737
200	Employee benefits	43,565	43,565	40,955	2,610
300	Purchased services	312,000	402,803	431,816	(29,013)
		<u>528,936</u>	<u>619,739</u>	<u>641,405</u>	<u>(21,666)</u>
	Total finance and operations services	<u>23,235,966</u>	<u>23,237,931</u>	<u>21,658,879</u>	<u>1,579,052</u>
260	Central support services				
262	Planning, research, development and evaluation				
100	Salaries	519,629	520,189	487,393	32,796
140	Terminal leave	-	-	1,657	(1,657)
200	Employee benefits	153,801	153,916	144,287	9,629
300	Purchased services	77,729	56,408	36,683	19,725
400	Supplies and materials	38,000	69,625	62,178	7,447
500	Capital outlay	15,000.00	-	-	-
600	Other objects	1,000	2,192	2,192	-
		<u>805,159</u>	<u>802,330</u>	<u>734,390</u>	<u>67,940</u>

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

Schedule 1

		Original	Final	Actual	Variance with Final Budget
EXPENDITURES, Continued					
200	Support services, continued				
260	Central support services, continued				
263	Information services				
100	Salaries	114,653	117,312	115,709	1,603
200	Employee benefits	29,656	29,656	29,374	282
300	Purchased services	21,165	13,508	12,502	1,006
400	Supplies and materials	4,200	4,138	4,137	1
600	Other objects	4,870	9,929	9,669	260
		<u>174,544</u>	<u>174,543</u>	<u>171,391</u>	<u>3,152</u>
264	Staff services				
100	Salaries	1,232,850	1,222,250	1,158,337	63,913
200	Employee benefits	389,808	390,750	335,063	55,687
300	Purchased services	1,090,888	375,410	39,878	335,532
400	Supplies and materials	28,258	25,717	11,843	13,874
500	Capital outlay	4,000.00	-	-	-
600	Other objects	600	1,040	1,041	(1)
		<u>2,746,404</u>	<u>2,015,167</u>	<u>1,546,162</u>	<u>469,005</u>
266	Technology and data processing services				
100	Salaries	540,804	540,804	533,273	7,531
200	Employee benefits	151,662	151,662	148,513	3,149
300	Purchased services	193,811	229,446	225,308	4,138
400	Supplies and materials	79,498	74,831	75,004	(173)
500	Capital outlay	29,868.00	-	-	-
		<u>995,643</u>	<u>996,743</u>	<u>982,098</u>	<u>14,645</u>
	Total central support services	<u>4,721,750</u>	<u>3,988,783</u>	<u>3,434,041</u>	<u>554,742</u>
270	Support services pupil activity				
271	Pupil services activities				
100	Salaries	-	1,113,130	1,104,376	8,754
200	Employee benefits	-	228,640	203,993	24,647
300	Purchased services	160,000	158,912	139,027	19,885
400	Supplies and materials	78,000	37,994	36,526	1,468
600	Other objects	153,819	188,489	117,387	71,102
		<u>391,819</u>	<u>1,727,165</u>	<u>1,601,309</u>	<u>125,856</u>
	Total support services pupil activity	<u>391,819</u>	<u>1,727,165</u>	<u>1,601,309</u>	<u>125,856</u>
	Total support services	<u>50,173,503</u>	<u>51,045,518</u>	<u>47,867,578</u>	<u>3,177,940</u>
300	Community services				
390	Other community services				
100	Salaries	87,301	87,301	87,272	29
200	Employee benefits	23,767	23,767	23,774	(7)
300	Purchased services	20,634	26,265	26,291	(26)
400	Supplies and materials	19,353	14,266	14,302	(36)
600	Other objects	87	565	533	32.00
		<u>151,142</u>	<u>152,164</u>	<u>152,172</u>	<u>(8)</u>
	Total community services	<u>151,142</u>	<u>152,164</u>	<u>152,172</u>	<u>(8)</u>

ROCK HILL SCHOOL DISTRICT THREE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

Schedule 1

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES, Continued				
400 Other charges				
410 Intergovernmental expenditures				
411 Payments to State Department of Education				
720 Transits	-	-	83,578	(83,578)
412 Payments to other governmental units				
720 Transits	165,000	165,000	101,728	63,272
416 Payments to public charter schools				
720 Transits	<u>122,000</u>	<u>122,000</u>	<u>120,849</u>	<u>1,151</u>
Total intergovernmental expenditures	<u>287,000</u>	<u>287,000</u>	<u>306,155</u>	<u>(19,155)</u>
Total expenditures	<u>121,912,252</u>	<u>121,912,252</u>	<u>117,871,083</u>	<u>4,041,169</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,836,048)</u>	<u>(3,836,048)</u>	<u>(4,124,808)</u>	<u>(288,760)</u>
OTHER FINANCING SOURCES (USES)				
5230 Transfer from special revenue EIA fund	2,147,138	2,147,138	2,322,635	175,497
5280 Transfer from other funds indirect costs	-	-	465,342	465,342
425-710 Transfer to food service fund	(425,000)	(425,000)	(459,951)	(34,951)
426-710 Transfer to pupil activity fund	<u>(297,500)</u>	<u>(297,500)</u>	<u>(297,400)</u>	<u>100</u>
Total other financing sources (uses)	<u>1,424,638</u>	<u>1,424,638</u>	<u>2,030,626</u>	<u>605,988</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (2,411,410)</u>	<u>\$ (2,411,410)</u>	<u>(2,094,182)</u>	<u>\$ 317,228</u>
FUND BALANCE, JULY 1, 2009			<u>19,523,726</u>	
FUND BALANCE, JUNE 30, 2010			<u>\$ 17,429,544</u>	

Footnote: The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America.



CHILDREN'S ATTENTION HOME CHARTER SCHOOL  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the year ended June 30, 2010

Schedule 2

	Original and final budget	Actual	Variance from final budget
REVENUES			
1000 Revenue from local sources			
1900 Other revenue from local sources			
1999 Revenue from other local sources	\$ 66,434	\$ 127,199	\$ 60,765
Total local sources	<u>66,434</u>	<u>127,199</u>	<u>60,765</u>
3000 Revenue from state sources			
3300 Education Finance Act (EFA)			
3312 Primary	140,000	120,849	(19,151)
Total state sources	<u>140,000</u>	<u>120,849</u>	<u>(19,151)</u>
Total revenues all sources	<u>206,434</u>	<u>248,048</u>	<u>41,614</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
112 Primary programs			
100 Salaries	92,235	94,888	(2,653)
200 Employee benefits	25,089	30,888	(5,799)
400 Supplies and materials	1,500	12,349	(10,849)
500 Capital outlay	15,000	22,161	(7,161)
	<u>133,824</u>	<u>160,286</u>	<u>(26,462)</u>
Total instruction	<u>133,824</u>	<u>160,286</u>	<u>(26,462)</u>
200 Support services			
230 General administration services			
231 Board of education			
318 Audit services	9,000	10,500	(1,500)
600 Other objects	3,600	4,348	(748)
	<u>12,600</u>	<u>14,848</u>	<u>(2,248)</u>
233 School administration			
100 Salaries	47,399	48,350	(951)
200 Employee benefits	9,254	10,964	(1,710)
300 Purchased services	698	2,423	(1,725)
400 Supplies and materials	2,659	9,851	(7,192)
600 Other objects	-	1,975	(1,975)
	<u>60,010</u>	<u>73,563</u>	<u>(13,553)</u>
Total support services	<u>72,610</u>	<u>90,186</u>	<u>(17,576)</u>
Total expenditures	<u>206,434</u>	<u>250,472</u>	<u>(44,038)</u>
Deficiency of revenues under expenditures	<u>\$ -</u>	<u>(2,424)</u>	<u>\$ (2,424)</u>
FUND BALANCE, JULY 1, 2009		18,219	
FUND BALANCE, JUNE 30, 2010		<u>\$ 15,795</u>	

## Combining and Individual Fund Schedules

# **SPECIAL PROJECTS FUNDS**



**To account for the operations of federal, state, or local projects which are required to be accounted for in separate funds.**

**Special Projects (excluding Education Improvement Act) - These funds are used to account for all federal, state, and local projects except for those subject to Education Improvement Act requirements.**

**Education Improvement Act - These funds are used to account for the District's expenditures as a result of receiving funds subject to the guidelines set by the State of South Carolina.**

**The following schedules for the Special Revenue Funds have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the schedules are also mandated by the South Carolina Department of Education.**

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

REVENUES	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue District	Total
1000 Revenue from local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,527	\$ 87,527
1300 Tuition	-	-	-	-	-	-	-	42,964	42,964
1310 Regular day school from patrons	-	-	-	-	-	-	-	-	-
1350 Summer school tuition	-	-	-	-	-	-	-	-	-
1900 Other revenue from local sources	-	-	-	-	-	61,294	-	-	61,294
1920 Contributions and donations private sources	-	-	-	-	-	-	-	615,487	615,487
1930 Medicaid	-	-	-	-	-	-	-	1,375,049	1,375,049
1999 Revenue from other local sources	-	-	-	-	-	-	-	-	-
Total local sources	-	-	-	-	-	61,294	-	2,121,027	2,182,321
2000 Intergovernmental revenue	-	-	-	-	-	-	-	244,829	244,829
2300 Payments from nonprofit entities	-	-	-	-	-	-	-	244,829	244,829
Total intergovernmental revenue	-	-	-	-	-	-	-	-	-
3000 Revenue from state sources	-	-	-	-	-	-	-	-	-
3110 Occupational education	-	-	-	-	-	-	-	-	-
3117 EEDA Middle and High School	-	-	-	-	-	-	9,975	-	9,975
3118 EEDA Career Specialist	-	-	-	-	-	-	477,158	-	477,158
3120 General education	-	-	-	-	-	-	-	-	-
3123 Formative Assessment	-	-	-	-	-	-	169,002	-	169,002
3126 Refurbishment of K-8 Science Kits	-	-	-	-	-	-	80,538	-	80,538
3127 Student Health & Fitness - PE Teachers	-	-	-	-	-	-	189,025	-	189,025
3128 High Schools That Work	-	-	-	-	-	-	14,142	-	14,142
3130 Special programs	-	-	-	-	-	-	-	-	-
3136 Student Health & Fitness - Nurses	-	-	-	-	-	-	459,023	-	459,023
3150 Adult education	-	-	-	-	-	-	-	-	-
3151 Basic	-	-	-	-	-	3,580	-	-	3,580
3154 Young Adult Education	-	-	-	-	-	-	131,368	-	131,368
3180 Fringe benefits employer contributions	-	-	-	-	-	-	-	-	-
3185 National Board Certifications	-	-	-	-	-	-	-	-	-
3190 Miscellaneous restricted state grants	-	-	-	-	-	-	-	-	-
3193 Education License Plates	-	-	-	-	-	-	-	-	-
3199 Other restricted state grants	-	-	-	-	-	-	2,073,332	-	2,073,332
3600 Education lottery act revenue	-	-	-	-	-	-	2,764	-	2,764
3607 6-8 Enhancement	-	-	-	-	-	-	-	34,034	34,034
3610 K-5 enhancement	-	-	-	-	-	-	-	-	-
3900 Other state revenue	-	-	-	-	-	-	-	-	-
3991 ADEPT	-	-	-	-	-	-	-	-	-
3999 Revenue from other state sources	-	-	-	-	-	-	16,017	-	16,017
Total state sources	-	-	-	-	-	3,580	4,539,078	1,451	1,451
								35,485	4,578,143

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue District	Total
REVENUES, Continued									
4000 Revenue from federal sources									
4200 Occupational education				266,271	-	-	-	-	266,271
4210 Vocational aid, Title I									
4300 Elementary and Secondary Education Act of 1965	3,212,360	-	-	-	-	-	-	81,147	3,293,507
4310 Title I								1,696,355	1,696,355
4315 American Recovery and Reinvestment Act (ARRA), Title I Basic State Grant Programs								391	391
4340 Innovative Education Program Strategies, Title VI									
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III								85,757	85,757
4344 McKinney-Vento Homeless Educational Assistance Act (ARRA)								4,751	4,751
4350 State Fiscal Stabilization Fund (ARRA)								5,119,101	5,119,101
4351 Improving teacher quality								622,635	622,635
4400 Adult education						115,210			115,210
4410 Basic Programs for children with disabilities									
4500 Individuals with Disabilities Education Act (IDEA)		3,583,875						14,961	3,598,836
4520 Pre-school grants			96,067						96,067
4540 IDEA (ARRA 611)								2,023,670	2,023,670
4550 IDEA Preschool (ARRA 619)								9,737	9,737
4900 Other federal sources									
4920 Drug and violence prevention, Title IV					47,996				47,996
4999 Revenues from other federal sources								261,123	261,123
Total federal sources	3,212,360	3,583,875	96,067	266,271	47,996	115,210		9,919,628	17,241,407
Total revenue all sources	3,212,360	3,583,875	96,067	266,271	47,996	180,084	4,539,078	12,320,969	24,246,700

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

EXPENDITURES	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue District	Total
100 Instruction									
110 General instruction									
111 Kindergarten programs									
100 Salaries	-	-	-	-	-	-	87,999	1,199,324	1,286,723
200 Employee benefits	-	-	-	-	-	-	18,240	495,059	513,299
300 Purchased services	-	-	-	-	-	-	863	3,238	4,101
400 Supplies and materials	-	-	-	-	-	-	-	16,261	16,261
112 Primary programs									
100 Salaries	1,470,878	-	-	-	-	-	805,626	2,464,877	4,741,381
200 Employee benefits	415,628	-	-	-	-	-	197,011	718,785	1,331,424
300 Purchased services	70,916	-	-	-	-	-	6,573	50,342	127,831
400 Supplies and materials	123,286	-	-	-	-	-	-	103,561	226,847
113 Elementary programs									
100 Salaries	111,780	-	-	-	-	-	895,463	714,515	1,721,758
200 Employee benefits	39,675	-	-	-	-	-	213,466	262,577	515,718
300 Purchased services	1,163	-	-	-	-	-	5,916	190,389	197,468
400 Supplies and materials	-	-	-	-	-	-	194,308	879,246	1,073,554
114 High school programs									
100 Salaries	-	-	-	-	-	-	374,212	518,247	892,459
200 Employee benefits	-	-	-	-	-	-	76,027	125,895	201,922
300 Purchased services	-	-	-	-	-	-	50,000	-	50,000
400 Supplies and materials	-	-	-	-	-	-	-	12,423	12,423
115 Vocational programs									
100 Salaries	-	-	-	-	-	-	48,316	91,668	139,984
200 Employee benefits	-	-	-	-	-	-	9,838	34,869	44,707
400 Supplies and materials	-	-	-	45,327	-	-	-	-	45,327
120 Exceptional programs									
121 Educable mentally handicapped									
100 Salaries	-	221,488	-	-	-	-	22,263	25,663	269,414
200 Employee benefits	-	70,472	-	-	-	-	4,529	5,695	80,696
300 Purchased services	-	-	-	-	-	-	-	6,970	6,970
122 Trainable mentally handicapped									
100 Salaries	-	394,634	-	-	-	-	14,842	47,118	456,594
200 Employee benefits	-	151,464	-	-	-	-	3,028	16,141	170,633
400 Supplies and materials	-	-	-	-	-	-	-	57,505	57,505
123 Orthopedically handicapped									
100 Salaries	-	59,322	-	-	-	-	-	18,985	78,307
200 Employee benefits	-	19,108	-	-	-	-	-	11,233	30,341

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue District	Total
100 EXPENDITURES, Continued									
Instruction, continued									
120 Exceptional programs, continued									
124 Visually handicapped									
100 Salaries	-	-	-	-	-	-	-	45,067	45,067
200 Employee benefits	-	83	-	-	-	-	-	17,182	17,265
300 Purchased services	-	-	-	-	-	-	-	1,106	1,106
400 Supplies and materials	-	-	-	-	-	-	-	5,965	5,965
125 Hearing handicapped									
100 Salaries	-	50,097	-	-	-	-	7,421	56,548	114,066
200 Employee benefits	-	24,312	-	-	-	-	1,490	14,997	40,799
300 Purchased services	-	-	-	-	-	-	-	925	925
400 Supplies and materials	-	-	-	-	-	-	-	1,093	1,093
126 Speech handicapped									
100 Salaries	-	415,173	50,362	-	-	-	-	166,906	632,441
200 Employee benefits	-	131,965	13,352	-	-	-	-	46,547	191,864
300 Purchased services	-	-	-	-	-	-	-	8,579	8,579
400 Supplies and materials	-	-	-	-	-	-	-	6,914	6,914
600 Other objects	-	-	-	-	-	-	-	2,700	2,700
127 Learning disabilities									
100 Salaries	-	744,976	-	-	-	-	106,037	227,011	1,078,024
200 Employee benefits	-	234,626	-	-	-	-	21,533	67,716	323,875
300 Purchased services	-	-	-	-	-	-	-	5,518	5,518
400 Supplies and materials	-	-	-	-	-	-	-	449,146	449,146
128 Emotionally handicapped									
100 Salaries	-	128,744	-	-	-	-	7,421	23,604	159,769
200 Employee benefits	-	36,304	-	-	-	-	1,516	5,050	42,870
300 Purchased services	-	-	-	-	-	-	-	3,757	3,757
130 Preschool programs									
133 Pre-school handicapped self-contained (5 yr. olds)									
100 Salaries	-	18,132	-	-	-	-	-	41,788	59,920
200 Employee benefits	-	7,072	-	-	-	-	-	15,332	22,404
137 Pre-school handicapped self-contained (3 & 4 yr. olds)									
100 Salaries	-	23,447	20,260	-	-	-	-	30,607	74,314
200 Employee benefits	-	8,998	8,916	-	-	-	-	8,306	26,220
300 Purchased services	-	-	-	-	-	-	-	2,405	2,405
400 Supplies and materials	-	-	-	-	-	-	-	9,415	9,415
139 Pre-school handicapped self-contained (3 & 4 yr. olds)									
100 Salaries	-	-	-	-	-	-	-	18,552	18,552
200 Employee benefits	-	-	-	-	-	-	-	4,094	4,094



ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue District	Total
100 EXPENDITURES, Continued									
140 Instruction, continued									
140 Special programs									
141 Gifted and talented - academic							14,842	-	14,842
100 Salaries							3,017	-	3,017
200 Employee benefits									
149 Other special programs									
100 Salaries		25,294						13,500	38,794
200 Employee benefits		7,299						2,904	10,203
400 Supplies and materials								5,725	5,725
160 Other exceptional programs									
161 Autism									
100 Salaries		53,330						70,976	124,306
200 Employee benefits		14,775						21,908	36,683
300 Purchased services								2,726	2,726
400 Supplies and materials								1,778	1,778
170 Summer school programs									
171 Primary summer school									
100 Salaries								2,500	2,500
200 Employee benefits								513	513
172 Elementary summer school									
100 Salaries							17,375	22,373	39,748
200 Employee benefits							3,611	4,582	8,193
300 Purchased services								2,288	2,288
400 Supplies and materials								818	818
173 High school summer school									
100 Salaries								22,470	22,470
200 Employee benefits								4,647	4,647
175 Instructional programs beyond regular school day									
100 Salaries								36,163	36,163
200 Employee benefits								7,352	7,352
400 Supplies and materials								1,467	1,467
180 Adult/continuing educational programs									
181 Adult basic education programs									
100 Salaries						93,139		37,857	130,996
200 Employee benefits						25,291		9,656	34,947
300 Purchased services						7,766		2,631	10,397
400 Supplies and materials						13,621			13,621
182 Adult Secondary Education Programs									
100 Salaries						6,279	30,343		36,622
200 Employee benefits						1,346	6,827		7,973
300 Purchased services						1,000			7,231
400 Supplies and materials						10,781	15,918		26,699

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
(INCLUDING CHARTER SCHOOL)

For the fiscal year ended June 30, 2010

100	EXPENDITURES, Continued	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue District	Total
180	Instruction, continued									
183	Adult/continuing educational programs, continued									
	183 Adult English Literacy (ESL)									
	100 Salaries						7,810			7,810
	200 Employee benefits						672			672
	400 Supplies and materials						4,018			4,018
188	Parenting/Family literacy									
	100 Salaries	148,628						171,582		320,210
	200 Employee benefits	59,331						71,594		130,925
	300 Purchased services	5,196						5,057		10,253
	400 Supplies and materials	12,106						5,237		17,343
	Total instruction	2,458,587	2,841,115	92,890	45,327	-	171,723	3,271,302	9,885,720	18,766,664
200	Support services									
210	Pupil services									
211	Attendance and social work services									
	100 Salaries								89,798	89,798
	200 Employee benefits								26,014	26,014
212	Guidance services									
	100 Salaries				148,170	20,000		466,134		634,304
	200 Employee benefits				41,641	4,242		136,040	823	182,746
	300 Purchased services				3,705	4,777				8,482
	400 Supplies and materials							9,976	482	10,458
213	Health services									
	100 Salaries		324,656					351,724	138,086	814,466
	200 Employee benefits		96,770					103,698	41,173	241,641
	300 Purchased services							3,600	3,553	7,153
	400 Supplies and materials								487	487
214	Psychological services									
	100 Salaries		98,999							98,999
	200 Employee benefits		28,654							28,654
	300 Purchased services								5,449	5,449
	400 Purchased services								5,485	5,485
215	Exceptional program services									
	300 Purchased services								37,254	37,254
216	Vocational placement services									
	100 Salaries								35,540	35,540
	200 Employee benefits								10,662	10,662
	300 Purchased services								2,583	2,583
	400 Supplies and materials								3,302	3,302

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue District	Total
<b>EXPENDITURES, Continued</b>									
<b>200 Support services, continued</b>									
220 Instructional staff services									
221 Improvement of instruction - curriculum development									
100 Salaries							18,553	141,901	160,454
200 Employee benefits							3,787	47,976	51,763
400 Supplies and materials							-	600	600
222 Library and media									
100 Salaries							37,105	92,115	129,220
200 Employee benefits							7,578	30,734	38,312
223 Supervision of special programs									
100 Salaries	88,310	87,056				2,096	59,045	77,536	314,043
200 Employee benefits	26,470	23,507				456	12,856	18,732	87,021
300 Purchased services	144,208					1,999	-	304,591	450,798
400 Supplies and materials	19,378					-	349	36,053	55,780
224 Improvement of instruction - inservice and staff training									
100 Salaries	246,866						13,214	602,118	862,198
200 Employee benefits	67,667						2,803	162,591	233,061
300 Purchased services	7,835			6,648			7,091	86,156	107,730
400 Supplies and materials							34,223	7,928	42,151
230 General administration services:									
233 School administration	3,852							12,208	16,060
300 Purchased services								472	472
400 Supplies and materials									
250 Finance and operations services:									
251 Student transportation (federal/district mandated)									
100 Salaries								21,812	21,812
200 Employee benefits								3,726	3,726
300 Purchased services								4,800	4,800
252 Fiscal services									
100 Salaries								1,760	1,760
200 Employee benefits								374	374
253 Facilities acquisition and construction									
400 Supplies and materials								4,220	4,220
254 Operation and maintenance of plant									
100 Salaries								8,371	8,371
200 Employee benefits								2,441	2,441
300 Purchased services								34,436	34,436
255 State transportation (state mandated)									
100 Salaries								342	342
200 Employee benefits								68	68
300 Purchased services								13,994	13,994

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
(INCLUDING CHARTER SCHOOL)  
For the fiscal year ended June 30, 2010

	Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Adult Education	* Other Restricted State Grants	* Other Special Revenue District	Total
<b>EXPENDITURES, Continued</b>									
200 Support services, continued									
250 Finance and operations services, continued									
257 Internal services									
100 Salaries	-	-	-	-	-	-	-	840	840
200 Employee benefits	-	-	-	-	-	-	-	219	219
258 Security									
300 Purchased services	-	-	-	-	17,500	-	-	-	17,500
260 Central support services									
262 Planning									
100 Salaries	-	-	-	-	-	-	-	21,613	21,613
200 Employee benefits	-	-	-	-	-	-	-	5,654	5,654
264 Staff services									
100 Salaries	-	-	-	-	-	-	-	35,405	35,405
200 Employee benefits	-	-	-	-	-	-	-	13,445	13,445
300 Purchased services	2,350	-	-	-	-	-	-	-	2,350
266 Technology and data processing services									
300 Purchased services	2,558	-	-	-	-	-	-	-	2,558
270 Support services - pupil activity									
271 Pupil service activities	47,279	-	-	11,975	-	-	-	23	23
300 Purchased services	656,773	659,642	-	212,139	46,519	4,551	1,267,776	2,201,403	5,048,803
600 Other objects									
Total support services									
300 Community services									
390 Other community services	-	-	-	-	-	-	-	3,615	3,615
400 Supplies and materials	-	-	-	-	-	-	-	3,615	3,615
Total community services									
410 Intergovernmental activities									
411 Payments to State Department of Education	-	-	-	-	-	-	-		
720 Transits									
Total intergovernmental								137,583	137,583
Total expenditures	3,115,360	3,500,757	92,890	257,466	46,519	176,274	4,539,078	12,228,321	23,956,665
<b>OTHER FINANCING USES</b>									
Interfund transfers from (to) other funds									
431-791 Special revenue fund indirect costs	(97,000)	(83,118)	(3,177)	(8,805)	(1,477)	(3,810)	-	(267,956)	(465,343)
Total other financing uses	(97,000)	(83,118)	(3,177)	(8,805)	(1,477)	(3,810)	-	(267,956)	(465,343)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses									
FUND BALANCES, JULY 1, 2009	-	-	-	-	-	-	-	(175,308)	(175,308)
FUND BALANCES, JUNE 30, 2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,131	\$ -	316,334	387,465
						\$ 71,131	\$ -	\$ 141,026	\$ 212,157

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
SPECIAL PROJECTS FUND  
(INCLUDING CHARTER SCHOOL)

For the fiscal year ended June 30, 2010

Title I (201)	IDEA (203)	Preschool Handi- capped (205)	Occupational Education (207)	Drug Free Schools (209)	* Other			Total
					* Adult Education	* Other Restricted State Grants	*Other Special Revenue District	
<b>* Other Restricted State Grants</b>								
908 Refurbishment of K-8 Science Kits								
916 ADEPT								
919 Education License Plates								
920 Young Adult Ed.								
926 EEDA Misc.								
927 EEDA 8th Grade Awareness								
928 EEDA Career Specialists								
933 Formative assessment								
935 National Board Certifications								
936 Student Health and Fitness - Nurses								
937 Student Health and Fitness - PE Teachers								
938 Making Middle Grades Work								
939 Library Allocation								
945 High School Reading Initiative								
960 K-5 Enhancement								
967 6-8 Middle-School Enhancement								
969 Mathematics and Science Coaching								
<b>* Adult Education</b>								
243 Adult Ed. - Federal								
292 Adult Ed. - Contributions								
918 Adult Ed - Basic								
921 Career Readiness Initiative								
<b>* Other Special Revenue Programs</b>								
213 Personnel Development								
214 Group Homes								
215 IDEA - ARRA								
216 IDEA Preschool - ARRA								
221 Title I (Neglected and Delinquent)								
222 Title I - ARRA								
225 Mathematics and Science Partnership								
227 McKinney-Vento Homeless Educational Assist. Act								
229 Title I Neglected and Delinquent - ARRA								
230 WIA Summer Program								
235 Foundation Grants								
237 Title I State Program Improvement								
241 Title V								
244 Eisenhower Professional Development								
250 Goals 2000 - Educate America								
253 Enhancing Education Through Technology								
264 Language Instruction Title III								
267 Improving Teacher Quality								
273 CTEC								
274 Writer's Express Summer								
278 School Technology Two-Way Interactive Video								
280 Medicaid								
290 DHEC Solid Waste Grant								
291 Attendance Make-Up								
293 Critical Needs								
294 FA Recovery								
295 ROTC								
298 ATC House Project								
801 After School Program								
802 Sylvia Circle Tuition								
815 Carroll School								
822 Extended School Year								
824 TIF Funded Projects								
825 Virtual High School								
826 Summer School High School								
827 JSCG Grant								
829 EIC Team Grant								
830 SCEANS/EIC - NFWF - EPA								
832 Professional Development								
833 Arts in Education- Northside								
834 Career Readiness Initiative								
835 DHEC Solid Waste Grants								
837 EEDA Implementation - York								
838 Rock Hill Adult and Communication								
839 SC Arts Commission - AIE/CIM								
840 CTEC Programs								
841 SCEANS/EIC - Donnelley Grant								
842 SCEANS/EIC - VKRF Grant								
843 EEDA - York Technical College								
844 Attendance Improvement Project								
845 SAT Improvement								
846 SCTM Grant - Investigating the South Carolina Math Standards								
847 SDM Server								
848 Project Lead the Way								
849 Arts Council of Rock Hill								
852 Extended School Year								
853 Adult Ed - WIA Youth								
856 Foreign Language Assessment Program								
857 Designated Reserve Funds								
858 Toolbox for Education								
859 LATTIS - Looping Grant								
861 Great Outdoors Project - Sunset Park Elementary								
862 York County First Steps								
868 Energy Grant - ARRA								
870 First Steps Parent Smart Grant								
871 ParentSmart Project								
875 SC Alliance for Children								
877 Success by Six Resource								
878 Palmetto Youth Connection								
880 Profoundly Mentally Disabled								
891 Testing - PSAT								
893 Vocational Rehab Expansion								
894 Title VII								
896 Emergency Response Plan for School Safety								
897 Credit Recovery								
899 Local School Projects								

CHILDREN'S ATTENTION HOME CHARTER SCHOOL  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
SPECIAL REVENUE FUND  
For the year ended June 30, 2010

Schedule A-2

	Title I BA Projects (201)	Total
REVENUES		
4000 Revenue from federal sources		
4300 Elementary & Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs	\$ 95,992	\$ 95,992
Total federal sources	95,992	95,992
Total revenue	95,992	95,992
EXPENDITURES		
100 Instruction		
110 General instruction		
112 Primary programs		
100 Salaries	77,884	77,884
200 Employee benefits	10,977	10,977
	88,861	88,861
Total instruction	88,861	88,861
200 Support services		
230 General administration services		
233 School administration		
300 Purchased services	3,852	3,852
	3,852	3,852
260 Central support services		
264 Staff services		
300 Purchased services	2,350	2,350
	2,350	2,350
270 Support services - pupil activity		
271 Pupil service activities		
660 Supporting services pupil activity	929	929
	929	929
Total support services	7,131	7,131
Total expenditures	95,992	95,992
Excess (deficiency) of revenues over (under) expenditures	-	-
FUND BALANCE, JULY 1, 2009	-	-
FUND BALANCE, JUNE 30, 2010	\$ -	\$ -

ROCK HILL SCHOOL DISTRICT THREE  
SUMMARY SCHEDULE FOR DESIGNATED STATE RESTRICTED GRANTS  
SPECIAL PROJECTS FUND  
For the fiscal year ended June 30, 2010

Schedule A-3

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue Fund Unearned Revenue
908	3126	Refurbishment of K-8 Science Kits	\$ 80,538	\$ 80,538	\$ -
916	3991	ADEPT	16,017	16,017	-
919	3193	Education License Plates	2,764	2,764	-
920	3154	Young Adult Education	131,368	131,368	-
927	3117	EEDA 8th Grade Career Awareness	9,975	9,975	-
928	3118	EEDA Career Specialist	477,158	477,158	115,365
933	3123	Formative Assessment	169,002	169,002	21,481
935	3185	National Board Certification	2,073,332	2,073,332	-
936	3136	Student Health and Fitness - Nurses	459,023	459,023	57,284
937	3127	Student Health and Fitness - PE Teachers	189,025	189,025	25,796
938	3128	High Schools That Work	14,142	14,142	-
960	3610	K-5 Enhancement	872,186	872,186	125,040
967	3607	6-8 Enhancement	44,548	44,548	-
			<u>\$ 4,539,078</u>	<u>\$ 4,539,078</u>	<u>\$ 344,966</u>

ROCK HILL SCHOOL DISTRICT THREE  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2010

Schedule A-4

		<u>Total</u>
REVENUES		
3000	Revenue from state sources	
3500	Education Improvement Act:	
3501	Increase High School Diploma Requirements	\$ 425,674
3509	Arts in Education	14,000
3511	Professional Development	11,462
3520	Gifted and Talented - Academic	24,526
3522	Gifted and Talented - Artistic	19,924
3525	Career and Technology Education Equipment	120,419
3530	Trainable and Profoundly Mentally Disabled Student Services	41,032
3533	Teacher of the Year Awards	10,765
3534	Professional Development on Standards	75,629
3538	Students at Risk of School Failure	2,968,581
3540	Early Childhood Program	293,568
3542	Pre-School Programs for Children with Disabilities	41,867
3544	High Achieving Students	496,927
3550	Teacher Salary Increase	1,926,858
3555	School Employer Contributions	395,777
3558	Reading	555
3562	Adult Education - Basic	179,055
3565	Young Adult Literacy	15,300
3568	EAA Technical Assistance	411,769
3577	Teacher Supplies	356,125
3578	High Schools That Work/Making Middle Grades Work	4,365
3582	Principal's Salary/Fringe Increase	55,834
3588	EAA Palmetto Gold and Silver Awards	43,975
3591	Excellence in Middle Schools	73,461
3592	School-to-Work Transition	86,379
3596	EAA Alternative Schools Programs	139,641
3599	Other EIA	11,000
	Total state sources	<u>8,244,468</u>
	Total revenue all sources	<u>8,244,468</u>



ROCK HILL SCHOOL DISTRICT THREE  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2010

Schedule A 4

EXPENDITURES	<u>Total</u>
100 Instruction	
110 General instruction	
111 Kindergarten programs	
100 Salaries	26,078
200 Employee benefits	7,217
300 Employee benefits	359
400 Supplies and materials	<u>16,775</u>
	<u>50,429</u>
112 Primary programs	
100 Salaries	166,891
200 Employee benefits	60,075
300 Purchased services	8,417
400 Supplies and materials	<u>100,533</u>
	<u>335,916</u>
113 Elementary programs	
100 Salaries	861,739
200 Employee benefits	268,486
300 Purchased services	8,359
400 Supplies and materials	<u>257,144</u>
	<u>1,395,728</u>
114 High school programs	
100 Salaries	1,065,143
200 Employee benefits	313,345
300 Purchased services	2,270
400 Supplies and materials	<u>167,146</u>
	<u>1,547,904</u>
115 Vocational programs	
100 Salaries	30,662
200 Employee benefits	9,601
300 Purchased services	4,988
400 Supplies and materials	131,648
500 Capital outlay	<u>12,894</u>
	<u>189,793</u>
120 Exceptional programs	
121 Educable mentally handicapped	
400 Supplies and materials	<u>12,375</u>
	<u>12,375</u>

ROCK HILL SCHOOL DISTRICT THREE  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2010

Schedule A-4

EXPENDITURES, Continued		<u>Total</u>
100	Instruction, continued	
120	Exceptional programs, continued	
122	Trainable mentally handicapped	
100	Salaries	62,394
200	Employee benefits	27,593
300	Purchased services	284
400	Supplies and materials	<u>3,262</u>
		93,533
126	Speech handicapped	
400	Supplies and materials	<u>6,325</u>
		6,325
127	Learning disabilities	
400	Supplies and materials	<u>6,875</u>
		6,875
130	Pre-school programs	
133	Preschool handicapped self-contained (5-year olds)	
400	Supplies and materials	<u>275</u>
		275
137	Pre-school handicapped self-contained (3 and 4 year olds)	
100	Salaries	37,223
200	Employee benefits	13,225
300	Purchased services	<u>19</u>
		50,467
139	Early childhood programs	
100	Salaries	186,998
200	Employee benefits	59,389
300	Purchased services	<u>5,831</u>
		252,218
140	Special programs	
141	Gifted and talented - academic	
100	Salaries	314,777
200	Employee benefits	87,931
400	Supplies and materials	<u>14,275</u>
		416,983
143	Advanced placement	
400	Supplies and materials	<u>66,690</u>
		66,690

ROCK HILL SCHOOL DISTRICT THREE  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2010

Schedule A-4

EXPENDITURES, Continued		<u>Total</u>
100	Instruction, continued	
140	Special programs, continued	
148	Gifted and talented - artistic	
300	Purchased services	59,120
		<u>59,120</u>
149	Other special programs	
100	Salaries	125,460
200	Employee benefits	33,242
300	Purchased services	186
		<u>158,888</u>
170	Summer school program	
172	Elementary summer school	
100	Salaries	7,970
200	Employee benefits	1,429
		<u>9,399</u>
173	High school summer school	
100	Salaries	11,925
200	Employee benefits	2,458
		<u>14,383</u>
180	Adult/continuing educational programs	
181	Adult basic education programs	
100	Salaries	6,829
200	Employee benefits	1,287
400	Supplies and materials	921
		<u>9,037</u>
182	Adult secondary education programs	
100	Salaries	28,239
200	Employee benefits	5,959
300	Purchased services	323
400	Supplies and materials	4,558
		<u>39,079</u>
183	Adult English literacy	
300	Purchased services	249
400	Supplies and materials	1,000
		<u>1,249</u>
187	Adult education - remedial	
100	Salaries	11,092
200	Employee benefits	2,988
		<u>14,080</u>

ROCK HILL SCHOOL DISTRICT THREE  
COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
EDUCATION IMPROVEMENT ACT FUND  
For the fiscal year ended June 30, 2010

Schedule A-4

EXPENDITURES, Continued		<u>Total</u>
100	Instruction, continued	
180	Adult/continuing educational programs, continued	
188	Parenting/family literacy	
100	Salaries	79,535
200	Employee benefits	28,656
		<u>108,191</u>
	Total instruction	<u>4,845,262</u>
200	Support services	
210	Pupil services	
212	Guidance services	
100	Salaries	132,730
200	Employee benefits	39,187
400	Supplies and materials	14,025
		<u>185,942</u>
220	Instructional staff services	
221	Improvement of instruction - curriculum development	
100	Salaries	297,029
200	Employee benefits	84,420
		<u>381,449</u>
222	Library and media	
400	Supplies and materials	7,425
		<u>7,425</u>
223	Supervision of special programs	
100	Salaries	122,954
200	Employee benefits	31,227
300	Purchased services	4,966
400	Supplies and materials	18,223
		<u>177,370</u>
224	Improvement of instruction - inservice and staff training	
100	Salaries	8,395
200	Employee benefits	2,233
300	Purchased services	42,217
400	Supplies and materials	41,785
		<u>94,630</u>
230	General administration services	
233	School administration	
100	Salaries	129,357
200	Employee benefits	19,315
400	Supplies and materials	440
		<u>149,112</u>

ROCK HILL SCHOOL DISTRICT THREE  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - ALL PROGRAMS  
 EDUCATION IMPROVEMENT ACT FUND  
 For the fiscal year ended June 30, 2010

Schedule A-4

EXPENDITURES, Continued		<u>Total</u>
200	Support services, continued	
250	Finance and operations services	
251	Student transportation	
100	Salaries	2,311
200	Employee benefits	492
300	Purchased services	3,514
600	Other objects	1,642
		<u>7,959</u>
254	Operation and maintenance of plant	
300	Purchased services	775
		<u>775</u>
258	Security	
300	Purchased services	70,014
		<u>70,014</u>
270	Support services - pupil activity	
271	Pupil services activities	
300	Purchased services	99
400	Supplies and materials	273
600	Other objects	1,524
		<u>1,896</u>
	Total support services	<u>1,076,572</u>
	Total expenditures	<u>5,921,834</u>
OTHER FINANCING USES		
Interfund transfers to other funds		
420-710	Transfer to general fund	(2,322,634)
	Total other financing uses	<u>(2,322,634)</u>
	Excess of revenues over expenditures and other financing uses	-
FUND BALANCE, JULY 1, 2009		<u>-</u>
FUND BALANCE, JUNE 30, 2010		<u>\$ -</u>

ROCK HILL SCHOOL DISTRICT THREE  
SUMMARY SCHEDULE BY PROGRAM  
EDUCATION IMPROVEMENT ACT  
For the fiscal year ended June 30, 2010

Schedule A-5

Program		Revenues	Expenditures	Fund Transfers In (Out)	EIA Fund Unearned Revenue
3500	Education Improvement Act				
3501	Increase High School Diploma Requirements	\$ 425,674	\$ 973,174	\$ 547,500	\$ -
3509	Arts in Education	14,000	14,000	-	-
3511	Professional Development	11,462	11,462	-	136,545
3520	Gifted and Talented - Academic	24,526	24,526	-	-
3522	Gifted and Talented - Artistic	19,924	19,924	-	-
3525	Career and Technology Education Equipment	120,419	120,419	-	22,995
3530	Trainable and Profoundly Mentally Disabled Student Services	41,032	93,532	52,500	-
3533	Teacher of the Year Awards	10,765	10,765	-	-
3534	Professional Development on Standards	75,629	75,629	-	-
3538	Students at Risk of School Failure	2,968,581	2,368,581	(600,000)	42,567
3540	Early Childhood Program	293,568	252,218	(41,350)	159,076
3542	Pre-School Programs for Children with Disabilities	41,867	50,467	8,600	-
3544	High Achieving Students	496,927	496,927	-	-
3550	Teacher Salary Increase	1,926,858	-	(1,926,858)	-
3555	School Employer Contributions	395,777	-	(395,777)	-
3558	Reading	555	555	-	129,396
3562	Adult Education - Basic	179,055	179,055	-	39,553
3565	Young Adult Literacy	15,300	15,300	-	-
3568	EAA Technical Assistance	411,769	411,769	-	21,487
3577	Teacher Supplies	356,125	356,125	-	-
3578	High Schools That Work/Making Middle Grades Work	4,365	4,365	-	8,235
3582	Principal's Salary/Fringe Increase	55,834	55,834	-	-
3588	EAA Palmetto Gold and Silver Awards	43,975	43,975	-	-
3591	Excellence in Middle Schools	73,461	106,212	32,751	-
3592	School-to-Work Transition	86,379	86,379	-	-
3596	EAA Alternative Schools Programs	139,641	139,641	-	-
3599	Other EIA	11,000	11,000	-	62,868
Total state amounts		<u>\$ 8,244,468</u>	<u>\$ 5,921,834</u>	<u>\$ (2,322,634)</u>	<u>\$ 622,722</u>

# DEBT SERVICE FUND



**Mount Holly Elementary School**

**To accumulate monies for payment of interest and principal on long-term General Obligation Bonds.**

**The following individual fund schedule has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the schedule are also mandated by the South Carolina Department of Education.**

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
DEBT SERVICE FUND  
For the fiscal year ended June 30, 2010

Schedule B-1

<b>REVENUES</b>		
1000	Revenue from local sources	
1100	Taxes	
1110	Ad valorem taxes - including delinquent	\$ 19,658,771
1140	Penalties and interest on taxes	<u>149,805</u>
	Total local sources	<u>19,808,576</u>
2000	Intergovernmental revenues	
2100	Payments from other governmental units	<u>17,000</u>
	Total intergovernmental revenues	<u>17,000</u>
3000	Revenue from state sources	
3800	Revenue in lieu of taxes	
3820	Homestead exemption	653,660
3830	Merchant's inventory tax	107,676
3840	Manufacturer's depreciation reimbursement	339,915
3890	Other state property tax revenues	<u>39,803</u>
	Total state sources	<u>1,141,054</u>
	Total revenue all sources	<u>20,966,630</u>
<b>EXPENDITURES</b>		
500	Debt Service	
610	Redemption of principal	17,265,000
620	Interest	7,550,454
690	Other objects (includes fees for servicing bonds)	<u>1,342</u>
	Total expenditures	<u>24,816,796</u>
	Excess of expenditures over revenues	<u>(3,850,166)</u>
<b>OTHER FINANCING SOURCES</b>		
5250	Transfer from capital projects fund	4,812,013
	Total other financing sources	<u>4,812,013</u>
	Excess of revenues and other financing sources over expenditures	961,847
FUND BALANCE, JULY 1, 2009		<u>7,334,465</u>
FUND BALANCE, JUNE 30, 2010		<u>\$ 8,296,312</u>



# CAPITAL PROJECTS FUND



**Dutchman Creek Middle School**

**To account for financial resources to be used for the acquisition and construction of major capital facilities.**

**The following individual fund schedule has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the schedule are also mandated by the South Carolina Department of Education.**

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
CAPITAL PROJECTS FUND  
For the fiscal year ended June 30, 2010

Schedule C-1

REVENUES		
1000	Revenue from local sources	
1500	Earnings on investments	
1510	Interest on investments	\$ 30,025
1900	Other revenue from local sources	
1950	Refund of prior year's expenditures	212
1999	Revenue from other local sources	<u>25,000</u>
	Total local sources	<u>55,237</u>
	Total revenues all sources	<u>55,237</u>
EXPENDITURES		
250	Finance and operations	
253	Facilities acquisition and construction	
300	Purchased services	788,051
400	Supplies and materials	2,296,301
500	Capital outlay	
520	Construction services	1,451,010
530	Improvements other than buildings	1,804,299
540	Equipment	35,913
580	Mobile classrooms	41,474
600	Other objects	<u>12,758,680</u>
	Total expenditures	<u>19,175,728</u>
	Deficiency of revenues under expenditures	<u>(19,120,491)</u>
OTHER FINANCING SOURCES		
423-710	Transfer to debt service fund	(4,812,013)
5120	Proceeds of general obligation bonds	<u>24,221,529</u>
	Total other financing sources	<u>19,409,516</u>
	Excess of revenues and other financing sources over expenditures	289,025
	FUND BALANCE, JULY 1, 2009	<u>2,577,156</u>
	FUND BALANCE, JUNE 30, 2010	<u>\$ 2,866,181</u>

# PROPRIETARY FUND



To account for the activities of food services. All activities necessary to provide such services are accounted for in these funds.

The following individual fund schedule has been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the schedule are also mandated by the South Carolina Department of Education.

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
ENTERPRISE FUND - FOOD SERVICE  
For the fiscal year ended June 30, 2010

Schedule D-1

REVENUES		
1000	Revenue from local sources	
1600	Food service	
1610	Lunch sales to pupils	\$ 1,358,292
1620	Breakfast sales to pupils	262,748
1630	Special sales to pupils	315,891
1640	Lunch sales to adults	89,585
1650	Breakfast sales to adults	9,327
1660	Special sales to adults	260,455
1900	Other revenue from local sources	
1999	Revenue from other local sources	<u>1,681</u>
	Total local sources	<u>2,297,979</u>
3000	Revenue from state sources	
3100	Restricted state funding	
3199	Other restricted state grants	<u>7,549</u>
	Total state sources	<u>7,549</u>
4000	Revenue from federal sources	
4800	USDA reimbursement	
4810	School lunch and after school snacks program	3,427,240
4830	School breakfast program	1,099,044
4870	School food service (equipment)	19,000
4900	Other federal sources	
4991	USDA commodities	<u>336,332</u>
	Total federal sources	<u>4,881,616</u>
	Total revenue all sources	<u>7,187,144</u>
EXPENSES		
256	Food service	
100	Salaries	2,221,064
200	Employee benefits	691,726
300	Purchased services	119,398
400	Supplies and materials	3,592,314
500	Capital outlay	
540	Equipment	316
570	Depreciation	289,896
600	Other objects	<u>22,976</u>
	Total expenses	<u>6,937,690</u>
OTHER FINANCING SOURCES		
5210	Transfer from general fund	<u>459,951</u>
	Total other financing sources	<u>459,951</u>
	Net income	709,405
NET ASSETS, JULY 1, 2009		<u>2,901,060</u>
NET ASSETS, JUNE 30, 2010		<u>\$ 3,610,465</u>

Footnote: This schedule is presented in the format prescribed by the South Carolina Department of Education, which varies in presentation from Exhibit 6.

# FIDUCIARY FUND



**Agency Fund - to account for the collection and payment of pupil activity receipts and disbursements from and on the behalf of the School District's students.**

**The following individual fund schedules have been prepared in the format mandated by the South Carolina State Department of Education. The account numbers shown on the schedules are also mandated by the South Carolina Department of Education.**

ROCK HILL SCHOOL DISTRICT THREE  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
For the fiscal year ended June 30, 2010

Schedule E-1

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
ASSETS				
Cash	\$ 25,700	\$ -	\$ 13,600	\$ 12,100
Due from other funds	<u>841,837</u>	<u>3,551,974</u>	<u>3,327,233</u>	<u>1,066,578</u>
Total assets	<u><b>\$ 867,537</b></u>	<u><b>\$ 3,551,974</b></u>	<u><b>\$ 3,340,833</b></u>	<u><b>\$ 1,078,678</b></u>
LIABILITIES				
Due to student organizations	<u>\$ 867,537</u>	<u>\$ 3,551,974</u>	<u>\$ 3,340,833</u>	<u>\$ 1,078,678</u>
Total liabilities	<u><b>\$ 867,537</b></u>	<u><b>\$ 3,551,974</b></u>	<u><b>\$ 3,340,833</b></u>	<u><b>\$ 1,078,678</b></u>

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN DUE TO STUDENT ORGANIZATIONS  
AGENCY FUND  
For the fiscal year ended June 30, 2010

Schedule E-2

RECEIPTS		
1000	Receipts from local sources	
1700	Pupil activities	
	1710 Admissions	\$ 164,284
	1730 Pupil organization membership dues and fees	14,925
	1740 Student fees	7,945
	1790 Other	<u>2,893,077</u>
	Total receipts from local sources	<u>3,080,231</u>
DISBURSEMENTS		
170	Summer school programs	
172	Elementary summer school	
	100 Salaries	807
	200 Employee benefits	106
190	Instructional pupil activity	
300	Purchased services	62
400	Supplies and materials	30,146
600	Other objects	592
210	Pupil services	
217	Career specialist services	
	300 Purchased services	150
230	General administration services	
233	School administration	
	100 Salaries	2,876
270	Supporting services pupil activity	
271	Pupil service activities	
	100 Salaries	78,440
	200 Employee benefits	15,652
	300 Purchased services	401,527
	400 Supplies and materials	2,120,944
	600 Other objects	<u>515,188</u>
	Total disbursements	<u>3,166,490</u>
OTHER FINANCING SOURCES		
5210	Transfer from general fund	<u>297,400</u>
	Total other financing sources	<u>297,400</u>
	Excess of receipts and other financing sources over disbursements	211,141
	DUE TO STUDENT ORGANIZATIONS, JULY 1, 2009	<u>867,537</u>
	DUE TO STUDENT ORGANIZATIONS, JUNE 30, 2010	<u>\$ 1,078,678</u>

Footnote: This schedule is presented in the format prescribed by the South Carolina Department of Education, which varies in presentation from Schedule E-1.



# **SUPPLEMENTARY SOUTH CAROLINA DEPARTMENT OF EDUCATION SCHEDULES**



**These schedules are required by the South Carolina Department of Education.**



ROCK HILL SCHOOL DISTRICT THREE  
 DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/  
 FEDERAL GOVERNMENT  
 JUNE 30, 2010

Schedule F-1

<u>Subfund Number</u>	<u>Program</u>	<u>Project/Grant Number</u>	<u>Revenue Code</u>	<u>Description</u>	<u>Amount Due to State Department of Education</u>	<u>Status of Amounts Due to Grantors</u>
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No funds are due to state/federal government at June 30, 2010

## Statistical Section

## **STATISTICAL SECTION**

### **(UNAUDITED)**

This part of Rock Hill School District Three's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

#### ***Financial Trends***

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

#### ***Revenue Capacity***

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

#### ***Debt Capacity***

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

#### ***Demographic and Economic Information***

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

#### ***Operating Information***

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

ROCK HILL SCHOOL DISTRICT THREE  
NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS)  
(Unaudited)

	2001 *	2002 *	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 43,488,481	\$ 42,577,446	\$ 66,812,958	\$ 86,285,668	\$ 86,716,022	\$ 85,685,189	\$ 87,780,196	\$ 88,224,652
Restricted	-	-	26,750,120	41,165,324	23,493,394	8,869,209	14,447,991	12,952,545	9,082,727	9,433,836
Unrestricted	-	-	14,185,112	14,527,897	17,836,604	18,170,074	19,673,014	26,553,037	20,720,602	18,795,495
Total governmental activities net assets	\$ -	\$ -	\$ 84,423,713	\$ 98,270,667	\$ 108,142,956	\$ 113,324,951	\$ 120,837,027	\$ 125,190,771	\$ 117,583,525	\$ 116,453,983
<b>Business-Type Activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 1,808,807	\$ 1,701,202	\$ 1,686,119	\$ 1,749,790	\$ 1,589,337	\$ 1,466,828	\$ 1,593,752	\$ 1,376,906
Unrestricted	-	-	855,046	1,251,686	1,473,682	1,712,777	1,468,962	1,008,287	1,307,308	2,233,559
Total business-type activities net assets	\$ -	\$ -	\$ 2,663,853	\$ 2,952,888	\$ 3,159,807	\$ 3,462,567	\$ 3,058,299	\$ 2,475,115	\$ 2,901,060	\$ 3,610,465
Total primary government net assets	\$ -	\$ -	\$ 87,087,566	\$ 101,223,555	\$ 111,302,763	\$ 116,787,518	\$ 123,895,326	\$ 127,665,886	\$ 120,484,585	\$ 120,064,448

\* GASB 34 was implemented in fiscal year 2003. Net asset information is not available prior to that fiscal year.

**ROCK HILL SCHOOL DISTRICT THREE**  
**CHANGES IN NET ASSETS**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS)**  
**(Unaudited)**

Table 2

	2001 *	2002 *	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>										
Governmental activities										
Instruction	\$ -	\$ -	\$ 64,396,208	\$ 67,243,820	\$ 70,222,924	\$ 74,320,757	\$ 80,471,063	\$ 88,423,628	\$ 94,336,452	\$ 84,793,118
Support services	-	-	29,959,748	36,299,500	41,293,263	47,532,876	51,424,008	60,732,209	64,760,530	67,133,418
Community services	-	-	157,546	174,611	143,103	100,842	122,819	228,669	227,383	155,787
Intergovernmental	-	-	1,606,874	1,684,752	2,060,147	2,249,568	835,277	715,125	618,141	443,738
Interest on long-term obligations	-	-	15,430,292	5,546,681	5,894,985	5,881,577	6,391,797	7,484,011	7,017,571	7,374,066
Depreciation	-	-	-	3,636,190	4,297,929	5,311,817	5,876,110	6,306,334	7,812,007	7,626,426
<b>Total governmental activities expenses</b>	-	-	111,570,668	114,585,554	123,912,351	135,397,437	145,121,074	163,952,976	174,772,084	167,526,552
Business-type activities										
Food service	-	-	4,409,535	4,907,458	5,341,024	5,745,087	6,390,272	7,634,765	7,767,516	6,937,690
<b>Total business-type activities expenses</b>	-	-	4,409,535	4,907,458	5,341,024	5,745,087	6,390,272	7,634,765	7,767,516	6,937,690
<b>Total primary government expenses</b>	\$ -	\$ -	\$ 115,980,203	\$ 119,493,012	\$ 129,253,375	\$ 141,142,524	\$ 151,511,346	\$ 171,587,741	\$ 182,539,600	\$ 174,464,243
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
Instruction	\$ -	\$ -	\$ 274,227	\$ 1,278,314	\$ 1,377,246	\$ 1,520,761	\$ 1,990,488	\$ 2,187,253	\$ 2,031,407	\$ 1,505,540
Operating grants and contributions	-	-	56,791,680	57,912,163	62,895,700	70,188,964	73,960,271	81,227,036	78,076,355	78,070,395
Capital grants and contributions	-	-	7,647,847	6,161,974	2,901,214	187,900	-	517,685	366,835	-
<b>Total governmental activities program revenues</b>	-	-	64,713,754	65,352,451	67,174,160	71,857,625	75,950,759	83,931,984	80,476,597	79,575,935
Business-type activities										
Charges for services:										
Food service	-	-	2,304,814	2,331,159	2,321,683	2,434,865	2,347,399	2,389,487	2,617,644	2,297,979
Operating grants and contributions	-	-	2,278,536	2,788,285	3,032,923	3,345,185	3,636,605	4,092,600	4,736,659	4,859,165
Capital grants and contributions	-	-	-	77,049	193,337	267,797	-	138,845	415,754	-
<b>Total business-type activities program revenues</b>	-	-	4,583,410	5,196,493	5,547,943	6,047,847	5,986,004	6,620,932	7,770,057	7,157,144
<b>Total primary government program revenues</b>	\$ -	\$ -	\$ 69,297,164	\$ 70,548,944	\$ 72,722,103	\$ 77,905,472	\$ 81,936,763	\$ 90,552,916	\$ 88,246,654	\$ 86,733,079
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ -	\$ -	\$ (46,856,914)	\$ (49,233,103)	\$ (56,738,191)	\$ (63,499,812)	\$ (69,170,315)	\$ (80,020,992)	\$ (94,295,487)	\$ (87,960,618)
Business-type activities	-	-	173,875	289,035	206,919	302,760	(404,268)	(1,013,833)	2,541	249,454
<b>Total primary government net (expense) revenue</b>	\$ -	\$ -	\$ (46,683,039)	\$ (48,944,068)	\$ (56,531,272)	\$ (63,197,052)	\$ (69,574,583)	\$ (81,034,825)	\$ (94,292,946)	\$ (87,701,164)

ROCK HILL SCHOOL DISTRICT THREE  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS)  
(Unaudited)

Table 2

	2001 *	2002 *	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities										
Taxes by source:										
Property tax - general obligation	\$ -	\$ -	\$ 36,388,373	\$ 39,485,538	\$ 40,780,553	\$ 41,054,206	\$ 45,707,761	\$ 38,514,743	\$ 39,794,450	\$ 40,698,245
Property tax - debt service	-	-	13,031,710	13,380,824	14,058,798	14,709,219	16,076,102	18,617,043	21,262,897	19,719,989
Unrestricted grants and contributions	-	-	9,818,196	8,987,749	10,423,802	10,468,863	10,359,416	24,916,252	25,727,814	26,710,106
Unrestricted investment earnings	-	-	786,682	1,947,317	1,128,341	2,400,864	3,715,398	2,749,129	501,762	127,474
Miscellaneous	-	-	16,141	178,629	218,986	48,855	823,714	8,178	2,068	25,213
Transfers	-	-	-	-	-	-	-	(430,649)	(423,404)	(459,951)
<b>Total governmental activities</b>	-	-	<b>60,051,102</b>	<b>63,080,057</b>	<b>66,610,480</b>	<b>68,681,807</b>	<b>76,682,391</b>	<b>84,374,736</b>	<b>86,865,587</b>	<b>86,821,076</b>
Special items - loss on disposal of assets	-	-	-	-	-	-	-	-	(37,342)	-
<b>Total primary government</b>	-	-	<b>60,051,102</b>	<b>63,080,057</b>	<b>66,610,480</b>	<b>68,681,807</b>	<b>76,682,391</b>	<b>84,374,736</b>	<b>86,828,245</b>	<b>86,821,076</b>
<b>Change in Net Assets</b>										
Governmental activities	-	-	13,194,188	13,846,954	9,872,289	5,181,995	7,512,076	4,353,744	(7,467,242)	(1,129,542)
Business-type activities	-	-	173,875	289,035	206,919	302,760	(404,268)	(583,190)	425,945	709,405
<b>Total primary government</b>	-	-	<b>13,368,063</b>	<b>14,135,989</b>	<b>10,079,208</b>	<b>5,484,755</b>	<b>7,107,808</b>	<b>3,770,550</b>	<b>(7,041,297)</b>	<b>(420,137)</b>

\* GASB 34 was implemented in fiscal year 2003. Change in net asset information is not available prior to that fiscal year.

Table 3

ROCK HILL SCHOOL DISTRICT THREE  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS)  
(Unaudited)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>										
Reserved	\$ 262,157	\$ 314,701	\$ 197,597	\$ 15,025,796	\$ 17,375,313	\$ 17,512,981	\$ 19,133,090	\$ 23,269,504	\$ 19,505,507	\$ 17,413,749
Unreserved	12,739,430	14,164,398	14,796,600							
<b>Total general fund</b>	<b>\$ 13,001,587</b>	<b>\$ 14,479,099</b>	<b>\$ 14,994,197</b>	<b>\$ 15,025,796</b>	<b>\$ 17,375,313</b>	<b>\$ 17,512,981</b>	<b>\$ 19,133,090</b>	<b>\$ 23,269,504</b>	<b>\$ 19,505,507</b>	<b>\$ 17,413,749</b>
<b>All Other Governmental Funds</b>										
Reserved										
Debt service	\$ 9,801,239	\$ 9,002,237	\$ 7,526,162	\$ 4,217,513	\$ 3,459,617	\$ 3,696,239	\$ 5,213,386	\$ 5,813,538	\$ 7,334,465	\$ 8,296,312
Capital projects	8,506,205	26,600,401	18,384,926	36,375,175	19,923,502	28,657,842	58,882,978	8,063,858	2,577,156	2,866,181
Unreserved										
Special revenue	315,754	434,657	539,242	572,636	1,215,311	1,101,281	1,208,591	674,365	387,465	212,157
<b>Total all other governmental funds</b>	<b>\$ 18,624,198</b>	<b>\$ 36,037,295</b>	<b>\$ 26,450,330</b>	<b>\$ 41,165,324</b>	<b>\$ 24,638,450</b>	<b>\$ 33,455,362</b>	<b>\$ 65,404,955</b>	<b>\$ 14,556,761</b>	<b>\$ 10,299,086</b>	<b>\$ 11,374,650</b>

Table 4

ROCK HILL SCHOOL DISTRICT THREE  
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS)  
(Unaudited)

	2001 **	2002 **	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Local										
Property taxes	\$ -	\$ -	\$ 49,002,612	\$ 52,707,540	\$ 55,032,357	\$ 55,651,621	\$ 61,626,855	\$ 53,862,883	\$ 58,130,853	\$ 58,518,958
Interest	-	-	786,682	1,047,317	1,128,341	2,400,664	3,715,398	2,749,138	501,762	127,474
Other	-	-	1,531,058	1,726,594	1,796,341	2,355,499	3,711,546	5,973,112	5,286,328	4,620,805
Total local sources	-	-	51,320,352	55,481,451	57,957,039	60,407,784	69,053,799	62,585,123	63,898,943	63,267,237
State sources	-	-	65,820,569	64,305,093	67,025,317	71,271,100	75,439,597	97,540,514	94,244,262	85,784,015
Federal sources	-	-	7,031,507	8,061,601	7,930,062	8,111,416	7,650,094	8,179,389	8,928,066	17,352,189
Intergovernmental	-	-	160,707	246,999	880,784	677,328	332,652	309,937	311,689	511,829
Total revenues	-	-	124,333,135	128,095,144	133,793,202	140,467,628	152,476,142	168,614,963	167,382,960	166,915,270
<b>Expenditures</b>										
Current										
Instruction	-	-	64,375,467	66,986,194	70,187,466	74,328,960	80,381,295	88,343,708	94,966,427	93,907,957
Support services	-	-	34,899,048	34,780,135	38,580,924	43,230,315	47,175,271	52,705,725	55,546,705	53,895,636
Community services	-	-	157,546	174,611	143,103	100,842	122,819	228,669	227,383	155,787
Intergovernmental	-	-	1,606,874	1,684,732	2,060,147	2,249,568	676,787	373,736	618,141	443,738
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	-	-	10,655,000	14,635,000	10,025,000	10,290,000	12,630,000	11,345,000	12,575,000	17,265,000
Interest	-	-	4,924,481	5,372,956	5,926,332	5,509,659	5,871,438	8,012,189	7,798,410	7,550,454
Other	-	-	1,669	1,435	2,229	2,175	2,474	2,300	2,432	1,342
Capital outlay	-	-	19,279,167	36,220,933	26,575,593	18,884,918	48,134,159	53,543,370	15,039,230	19,175,728
Total expenditures	-	-	135,899,252	159,856,016	153,500,794	154,596,437	194,994,243	214,554,617	187,173,728	191,395,642
Excess (deficiency) of revenues over (under) expenditures	-	-	(11,566,117)	(31,760,872)	(19,707,592)	(14,128,809)	(42,518,101)	(45,939,684)	(19,790,768)	(24,480,372)
<b>Other Financing Sources (Uses)</b>										
Proceeds of bond anticipation note	-	-	4,250	2,114,340	30,235	313,249	1,401,390	-	12,500,000	24,221,529
Premium on bonds sold	-	-	-	-	-	23,015,000	1,500,000	-	-	-
Proceeds of refunding bond	-	-	-	-	-	(23,244,860)	10,344,843	-	-	-
Payment to refunded debt escrow agent	-	-	-	-	-	23,000,000	63,000,000	-	-	-
Issuance of debt	-	-	2,500,000	44,625,000	5,500,000	6,498,386	6,236,815	5,106,058	5,978,544	7,599,990
Transfers in	-	-	5,354,417	8,109,109	8,031,846	(6,498,386)	(6,236,815)	(5,878,095)	(6,708,448)	(8,357,341)
Transfers out	-	-	(5,354,417)	(8,350,784)	(8,031,846)	6,498,386	(6,236,815)	(5,878,095)	(6,708,448)	(8,357,341)
Total other financing sources (uses)	-	-	2,504,250	46,497,465	5,530,235	23,083,389	76,246,233	(772,037)	11,769,096	23,464,178
Net change in fund balances	\$ -	\$ -	\$ (9,061,867)	\$ 14,736,593	\$ (14,177,357)	\$ 8,954,580	\$ 33,728,132	\$ (46,711,721)	\$ (8,021,672)	\$ (1,016,194)
Capital asset expenditures	-	-	\$ 16,689,461	\$ 34,091,420	\$ 23,228,447	\$ 14,569,660	\$ 43,895,422	\$ 45,456,836	\$ 6,385,204	\$ 1,086,302
Debt service as a percentage of noncapital expenditures*	-	-	13.1%	15.9%	12.2%	11.3%	12.2%	11.4%	11.5%	13.0%

\* Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the government-wide statement of net assets) and expenditures for capitalized assets included within the functional expenditure categories. This formula adds "functional" and "principal" and divides them by the "total expenditures" minus the "capital outlay."

\*\* GASB 34 was implemented in fiscal year 2003. Net asset information is not available prior to that fiscal year.



Table 5

ROCK HILL SCHOOL DISTRICT THREE  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year Ended June 30,	Assessed Value		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value
	Real Property	Personal Property				
2001	\$ 221,790,777	\$ 54,729,795	\$ 276,520,572	156.50	\$ 5,311,533,702	5.21%
2002	262,615,703	54,427,789	317,043,492	151.50	6,190,405,316	5.12%
2003	272,570,935	51,519,854	324,090,789	158.50	6,377,726,507	5.08%
2004	280,241,469	49,482,501	329,723,970	164.50	6,523,993,436	5.05%
2005	281,774,107	47,473,262	329,247,369	170.50	6,537,960,149	5.04%
2006	282,297,550	46,772,151	329,069,701	172.30	6,852,831,060	4.80%
2007	324,339,756	46,430,670	370,770,426	169.60	6,635,971,754	5.59%
2008	347,078,632	43,718,911	390,797,543	179.00	6,997,510,437	5.58%
2009	361,996,207	43,031,135	405,027,342	188.40	7,225,655,968	5.61%
2010	368,221,886	37,712,545	405,934,431	189.90	7,396,553,942	5.50%

Source: York County Auditor's and Assessor's Offices

Note: York County tax records reflect assessed value net of tax-exempt property.

Table 6

**ROCK HILL SCHOOL DISTRICT THREE**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year	Tax Year	Rock Hill School District	Overlapping Rates		Total Direct and Overlapping Rates
			City of Rock Hill (2)	York County (1)	
2001	2000	156.5	106.0	53.6	316.1
2002	2001	151.5	98.0	50.5	300.0
2003	2002	158.5	98.0	53.5	310.0
2004	2003	164.5	98.0	58.0	320.5
2005	2004	170.5	102.0	62.2	334.7
2006	2005	172.3	102.0	66.8	341.1
2007	2006	169.6	95.0	62.6	327.2
2008	2007	179.0	95.0	66.0	340.0
2009	2008	188.4	95.0	66.0	349.4
2010	2009	188.9	95.0	66.0	350.9

Source: (1) Tax schedules published by the York County Auditor's Office.

(2) Millage is for years ended December 31 - provided by City of Rock Hill Finance Department.

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

ROCK HILL SCHOOL DISTRICT THREE  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)

Table 7

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Bowater Incorporated	\$ 21,032,465	1	5.17%	\$ 25,529,378	1	9.23%
Rock Hill Telephone	7,099,746	2	1.75%	5,250,330	3	1.90%
Amisub of SC, Inc.	3,747,931	3	0.92%	1,909,308.00	4	0.69%
Duke Energy Corporation	2,568,578	4	0.63%	1,467,700	6	0.53%
Tyco Electronics Corporation	1,953,330	5	0.48%	-		
Piedmont Medical Center	1,897,840	6	0.47%	1,213,130.00	10	0.44%
York Electric Cooperative	1,869,390	7	0.46%	-		
Atotech, USA Inc.	1,588,471	8	0.39%	1,426,358.00	7	0.52%
DNB Rock Hill, LLC	1,199,808	9	0.30%	-		
TTP South Brookstone LLC Etal	1,140,000	10	0.28%	-		
Hoechst Celanese Corporation	-			7,581,857	2	2.74%
Inchem Corporation	-			1,841,678	5	0.67%
Rock Hill Zamas	-			1,386,937	8	0.50%
Amp Incorporated	-			1,280,150	9	0.46%
Total	\$ 44,097,559		10.85%	\$ 48,886,826		17.68%

Source: York County Auditor

ROCK HILL SCHOOL DISTRICT THREE  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 8

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 54,283,284	\$ 49,112,005	90.47%	\$ 881,751	\$ 49,993,756	92.10%
2002	59,817,985	55,167,606	92.23%	1,084,129	56,251,735	94.04%
2003	63,280,933	57,668,931	91.13%	1,271,067	58,939,998	93.14%
2004	66,349,748	60,221,007	90.76%	1,422,918	61,643,925	92.91%
2005	66,408,876	63,652,835	95.85%	1,386,664	65,039,499	97.94%
2006	68,424,744	64,940,073	94.91%	1,134,885	66,074,958	96.57%
2007	74,113,224	70,067,798	94.54%	1,054,494	71,122,292	95.96%
2008	83,040,915	80,179,252	96.55%	-	80,179,252	96.55%
2009	87,358,630	84,378,226	96.59%	-	84,378,226	96.59%
2010	88,652,889	84,529,097	95.35%	-	84,529,097	95.35%

Sources: Records maintained by Finance Department

ROCK HILL SCHOOL DISTRICT THREE  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 9

Fiscal Year	Governmental Activities		Percentage of Personal Income	Per Capita
	General Obligation Bonds			
2001	\$	77,700,000	5.53%	\$ 469
2002		99,585,000	4.48%	587
2003		91,430,000	5.15%	526
2004		121,420,000	4.03%	681
2005		116,895,000	4.43%	636
2006		129,975,000	4.17%	684
2007		181,845,000	3.27%	914
2008		170,500,000	3.68%	816
2009		157,525,000	4.19%	724
2010		163,990,000	4.46%	722

Source: District records and totals for York County obtained from the South Carolina Division of Research and Statistical Services.

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

ROCK HILL SCHOOL DISTRICT THREE  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 10

Fiscal Year	General Bonded Debt Outstanding	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property <sup>1</sup>	Per Capita <sup>1</sup>
2001	\$ 77,700,000	\$ 9,802,239	\$ 67,897,761	1.28%	410
2002	99,585,000	9,002,237	90,582,763	1.46%	534
2003	91,430,000	7,526,162	83,903,838	1.32%	482
2004	121,420,000	4,217,513	117,202,487	1.80%	657
2005	116,895,000	3,499,617	113,395,383	1.73%	617
2006	129,975,000	3,696,239	126,278,761	1.84%	664
2007	181,845,000	5,213,386	176,631,614	2.66%	887
2008	170,500,000	5,818,538	164,681,462	2.35%	789
2009	157,525,000	7,334,465	150,190,535	2.08%	691
2010	163,990,000	8,296,312	155,693,688	2.10%	686

Source: District Finance Records

<sup>1</sup> See the Schedule of Demographic and Economic Statistics on Table 13 for personal income and population data.

ROCK HILL SCHOOL DISTRICT THREE  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2010  
(Unaudited)

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Direct:			
Rock Hill School District Three	<u>\$ 163,990,000</u>	100.00%	<u>\$ 163,990,000</u>
Total Direct	<u>163,990,000</u>		<u>163,990,000</u>
Overlapping:			
City of Rock Hill	9,385,000	100.00%	9,385,000
York County	<u>63,233,665</u>	100.00%	<u>63,233,665</u>
Total Overlapping	<u>72,618,665</u>		<u>72,618,665</u>
Total Direct and Overlapping	<u>\$ 236,608,665</u>		<u>\$ 236,608,665</u>

Source: Records maintained by Finance Department and information obtained from other Governmental Entities.

ROCK HILL SCHOOL DISTRICT THREE  
LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 12

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 22,121,646	\$ 25,363,479	\$ 25,927,263	\$ 26,377,918	\$ 26,339,790	\$ 27,235,860	\$ 29,661,634	\$ 31,263,803	\$ 32,402,187	\$ 32,474,754
Total net debt applicable to limit	10,435,255	7,193,030	5,665,946	2,876,575	6,117,350	7,498,765	14,118,450	12,620,000	11,000,000	11,000,000
Legal debt margin	\$ 11,686,391	\$ 18,170,449	\$ 20,261,317	\$ 23,551,343	\$ 20,222,440	\$ 19,737,095	\$ 15,543,184	\$ 18,643,803	\$ 21,402,187	\$ 21,474,754
Total net debt applicable to limit as a percentage of debt limit	47%	28%	22%	11%	23%	28%	48%	40%	34%	34%
Legal debt margin calculation for fiscal year 2010										
Assessed value		\$405,934,431								
Debt limit (8 % of assessed value)		32,474,754								
Debt applicable to limit:										
Total bonded debt		163,990,000								
Less: Bond Issuances approved by referendum		152,990,000								
Total net debt applicable to limit		11,000,000								
Legal debt margin		\$ 21,474,754								

Notes:

The School District's borrowing power is restricted by amended Article X, Section 15, of the State Constitution. This section provides that a local unit cannot at any time have total debt outstanding in an amount that exceeds 8 percent of the assessed property value. Excluded from the limitation are: bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness levies assessed on properties located in an area receiving special benefits from the taxes collected; and bonded indebtedness existing prior to December 1, 1982, the effective date of amendment of Article X of the Constitution of South Carolina pertaining to bonded debt. Assessed value used above is the tax base as of June 30, 2010.



Table 13

ROCK HILL SCHOOL DISTRICT THREE  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS  
(Unaudited)

Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2001	165,719	\$ 4,299,052	\$ 25,942	14,515	3.60%
2002	169,631	4,460,635	26,296	14,976	4.50%
2003	173,982	4,711,897	27,083	15,218	7.30%
2004	178,344	4,887,804	27,407	15,537	7.60%
2005	183,762	5,175,845	28,166	15,936	6.50%
2006	190,097	5,416,459	28,493	16,230	6.90%
2007	199,035	5,951,943	29,904	16,655	5.70%
2008	208,827	6,281,780	31,657	16,836	6.10%
2009	217,448	6,595,869	32,627	17,718	15.70%
2010	227,003	7,305,787	33,203	17,072	14.20%

Source: SC Division of Research and Statistical Services and SC Employment Security Commission.

Table 14

ROCK HILL SCHOOL DISTRICT THREE  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)

Employer	2010			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Wells Fargo Home Mortgage	2,419	1	2.53%	1,787	2	0.86%
Rock Hill School District	2,400	2	2.51%	2,460	1	1.18%
Citi Financial @ Ft. Mill	1,700	3	1.78%	1,707	3	0.82%
Ross Distribution	1,419	4	1.48%	1,135	8	0.54%
Ft Mill School District	1,211	5	1.26%	1,241	5	0.59%
Duke Power Catawba Nuclear Station	1,200	6	1.25%	1,200	6	0.57%
Piedmont Medical Center	1,071	7	1.12%	1,600	4	0.77%
Clover School District	1,003	8	1.05%			0.00%
York County Government	971	9	1.01%			0.00%
Comporium Communications	886	10	93.00%	1,035	9	0.50%
	<b>14,280</b>		<b>106.99%</b>	<b>12,165</b>		<b>4.97%</b>

Source: York County Economic Development

Note: These figures represent top county employers.

ROCK HILL SCHOOL DISTRICT THREE  
FULL-TIME EQUIVALENT SCHOOL DISTRICT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 15

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities										
Instruction	1,153	1,211	1,222	1,280	1,320	1,387	1,492	1,664	1,660	1,607
Support services	471	406	400	408	497	548	568	610	614	632
Community services	2	2	2	2	2	2	2	3	3	1
Business-type activities										
Food services	116	146	148	120	117	128	124	183	184	139
Total	<u>1,742</u>	<u>1,765</u>	<u>1,772</u>	<u>1,810</u>	<u>1,936</u>	<u>2,065</u>	<u>2,186</u>	<u>2,460</u>	<u>2,461</u>	<u>2,379</u>

Table 16

ROCK HILL SCHOOL DISTRICT THREE  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	Expenses	Enrollment	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Student Attendance Percentage	Percentage of Students Receiving Free or Reduced Meals *
2001	\$ 90,310,189	14,515	\$ 6,222	11.1%	972	15	96.4%	-
2002	94,323,755	14,976	6,298	1.2%	1,009	15	96.5%	-
2003	101,038,935	15,218	6,639	5.4%	1,009	15	96.4%	38%
2004	103,625,692	15,537	6,670	0.5%	1,059	15	96.4%	43%
2005	110,971,640	15,936	6,964	4.4%	1,063	15	96.7%	42%
2006	119,909,685	16,230	7,388	6.1%	1,084	15	96.4%	44%
2007	128,356,172	16,655	7,707	4.3%	1,183	14	96.9%	43%
2008	141,651,834	16,836	8,414	9.2%	1,351	12	96.2%	38%
2009	151,358,656	17,653	8,574	2.4%	1,387	13	92.2%	46%
2010	147,403,118	17,072	8,634	0.7%	1,329	13	96.3%	51%

Sources: Nonfinancial information provided by the District's personnel and planning bureaus.

Note: Enrollment based on start-of-year census. Teaching staff are full-time equivalents for the year as a whole. Attendance is a yearly average.

\* Information provided by the office of School Food Service. Information not available prior to 2003.

ROCK HILL SCHOOL DISTRICT THREE  
TEACHER SALARIES  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 17

<u>Fiscal Year</u>	<u>Minimum Salary (1)</u>	<u>Maximum Salary (1)</u>	<u>District Average Salary (2)</u>	<u>Statewide Average Salary (2)</u>
2001	\$ 27,315	\$ 59,922	\$ 39,927	\$ 37,938
2002	28,362	62,136	41,945	39,923
2003	28,614	62,688	42,821	40,362
2004	28,802	63,099	43,209	41,162
2005	29,397	64,403	44,186	42,189
2006	29,870	65,439	44,722	43,011
2007	30,649	67,146	45,664	44,335
2008	31,665	69,371	46,398	45,479
2009	32,885	72,045	49,492	47,304
2010	32,885	72,045	49,968	47,304

Source: (1) District records  
(2) South Carolina Department of Education  
Office of Research and Statistics

ROCK HILL SCHOOL DISTRICT THREE  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)

Table 18

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Elementary Schools</b>										
<b>Bellevue (1955)</b>										
Square feet	58,797	58,797	58,797	58,797	58,797	58,797	58,797	58,797	58,797	58,797
Capacity (students)						600	600	600	600	600
Enrollment	552	534	507	511	564	557	572	587	460	465
<b>Ebenezer (1987)</b>										
Square feet	47,162	47,162	47,162	47,162	47,162	47,162	47,162	47,162	47,162	47,162
Capacity (students)						340	340	340	340	340
Enrollment	314	346	360	317	351	353	360	354	317	316
<b>Elinport (1949)</b>										
Square feet	58,271	58,271	58,271	58,271	58,271	58,271	58,271	58,271	58,271	58,271
Capacity (students)						500	500	500	500	500
Enrollment	591	595	461	483	443	496	509	490	533	549
<b>Finley Road (1957)</b>										
Square feet	55,837	55,837	55,837	55,837	55,837	55,837	55,837	55,837	55,837	55,837
Capacity (students)						560	560	560	560	560
Enrollment	554	585	425	436	433	458	481	552	495	507
<b>Independence (1978)</b>										
Square feet	58,485	58,485	58,485	58,485	58,485	58,485	58,485	58,485	58,485	58,485
Capacity (students)						540	540	540	540	540
Enrollment	520	552	508	486	501	494	531	484	501	523
<b>India Hook (2007)</b>										
Square feet	-	-	-	-	-	-	-	74,979	74,979	74,979
Capacity (students)						-	-	600	600	600
Enrollment	-	-	-	-	-	-	-	446	506	514
<b>Lesslie (1954)</b>										
Square feet	44,264	44,264	44,264	44,264	44,264	48,836	48,836	48,836	48,836	48,836
Capacity (students)						520	520	520	520	520
Enrollment	397	406	484	520	527	519	511	512	490	489
<b>Mt. Gallant (1978)</b>										
Square feet	58,782	58,782	58,782	58,782	58,782	61,854	61,854	61,854	61,854	61,854
Capacity (students)						560	560	560	560	560
Enrollment	498	489	517	522	545	565	602	554	501	489
<b>Mt. Holly (2008)</b>										
Square feet	-	-	-	-	-	-	-	-	74,979	74,979
Capacity (students)						-	-	-	600	600
Enrollment	-	-	-	-	-	-	-	-	500	510

(Continued)

Table 18

ROCK HILL SCHOOL DISTRICT THREE  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Elementary Schools, continued</b>										
<b>Northside (1951)</b>										
Square feet	50,951	50,951	50,951	50,951	50,951	51,719	51,719	51,719	51,719	51,719
Capacity (students)						480	480	480	480	480
Enrollment	332	306	388	406	428	445	485	484	353	376
<b>Oakdale (1949)</b>										
Square feet	59,045	59,045	59,045	59,045	59,045	60,581	60,581	60,581	60,581	60,581
Capacity (students)						540	540	540	540	540
Enrollment	638	676	559	548	591	610	615	663	476	478
<b>Old Pointe (2002)</b>										
Square feet	-	-	75,975	75,975	78,975	91,215	91,215	91,215	91,215	91,215
Capacity (students)						600	600	600	600	600
Enrollment	-	-	525	596	584	596	687	690	615	611
<b>Richmond Drive (1949)</b>										
Square feet	54,738	54,738	54,738	54,738	54,738	54,738	54,738	54,738	54,738	54,738
Capacity (students)						520	520	520	520	520
Enrollment	510	552	507	519	505	519	582	524	524	504
<b>Rosewood (1960)</b>										
Square feet	57,493	57,493	57,493	57,493	57,493	56,011	56,011	56,011	56,011	56,011
Capacity (students)						600	600	600	600	600
Enrollment	633	668	572	551	586	620	707	586	604	589
<b>Sunset Park (1954)</b>										
Square feet	58,203	58,203	58,203	58,203	58,203	58,203	58,203	58,203	58,203	58,203
Capacity (students)						560	560	560	560	560
Enrollment	401	362	296	294	303	323	293	264	444	444
<b>Sylvia Circle (1950)</b>										
Square feet	47,369	47,369	48,453	48,453	48,453	48,453	48,453	48,453	48,453	48,453
Capacity (students)						400	400	400	400	400
Enrollment	212	213	238	262	265	286	256	304	389	389
<b>York Road (1971)</b>										
Square feet	59,958	59,958	59,958	59,958	60,708	60,726	60,726	60,726	60,726	60,726
Capacity (students)						520	520	520	520	520
Enrollment	571	573	527	511	528	484	511	474	489	326

Table 18

ROCK HILL SCHOOL DISTRICT THREE  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Middle Schools</b>										
<b>Castle Heights (1957)</b>										
Square feet	106,636	106,636	106,636	160,151	160,151	160,151	160,151	160,151	160,151	160,151
Capacity (students)						1,100	1,100	1,100	1,100	1,100
Enrollment	884	852	866	889	936	921	900	871	788	783
<b>Dutchman Creek (2008)</b>										
Square feet	-	-	-	-	-	-	-	-	160,151	160,151
Capacity (students)						-	-	-	1,100	1,100
Enrollment	-	-	-	-	-	-	-	-	875	876
<b>Rawlinson Road (1972)</b>										
Square feet	99,101	99,101	99,101	99,101	99,101	129,471	139,401	139,401	139,401	139,401
Capacity (students)						975	1,150	1,150	1,150	1,150
Enrollment	905	912	957	1,003	1,050	1,070	1,077	1,075	704	708
<b>Saluda Trail (1999)</b>										
Square feet	161,419	161,419	161,419	161,419	161,419	161,419	161,419	161,419	161,419	161,419
Capacity (students)						1,000	1,000	1,000	1,000	1,000
Enrollment	882	867	872	899	873	846	868	907	866	864
<b>Sullivan (1959)</b>										
Square feet	147,070	147,070	150,790	150,790	150,790	150,790	150,790	150,790	150,790	150,790
Capacity (students)						1,300	1,300	1,300	1,300	1,300
Enrollment	1,036	1,045	1,097	1,071	1,111	1,063	1,060	975	751	723
<b>High Schools</b>										
<b>Northwestern (1971)</b>										
Square feet	280,955	282,575	282,575	282,575	282,575	282,575	282,575	282,575	282,575	282,575
Capacity (students)						1,900	1,900	1,900	1,900	1,900
Enrollment	2,104	2,305	2,340	2,404	2,443	2,089	1,844	1,701	1,791	1,721
<b>Rock Hill (1977)</b>										
Square feet	286,640	288,260	288,260	288,260	288,260	288,260	288,260	288,260	288,260	288,260
Capacity (students)						2,075	2,075	2,075	2,075	2,075
Enrollment	1,978	2,138	2,211	2,310	2,370	2,172	2,121	2,050	1,998	1,932
<b>South Pointe (2005)</b>										
Square feet	-	-	-	-	-	364,448	364,448	364,448	364,448	364,448
Capacity (students)						1,800	1,800	1,800	1,800	1,800
Enrollment	-	-	-	-	-	744	1,060	1,289	1,415	1,386

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions, except in the case of Castle Heights Middle School. An entirely new facility was built in 2004. Information on capacity only available beginning in 2006.



# Single Audit Section

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the fiscal year ended June 30, 2010

LEA Subfund Fund Code	Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor's Number	Total Expenditures
	Title I, Part A Cluster			
	US Department of Education			
	Passed through S.C. Department of Education			
201	Title I - Current Year	84.010	10BA091	\$ 3,116,368
221	Title I N&D	84.010	10ND091	40,780
222	Title I ARRA	84.389A	10SA091	1,669,488
229	Title I N&D ARRA	84.010A	10SN091	26,865
237	Title I - School Improvement	84.010A	09BJ091	40,365
	Total Title I, Part A Cluster			4,893,866
	Special Education Cluster (IDEA)			
	US Department of Education			
	Passed through S.C. Department of Education			
203	IDEA	84.027	10CA091	3,583,875
205	IDEA Pre-school Grants Current Year-Handicapped Capacity	84.173	10CG091	96,067
215	IDEA ARRA	84.391A	10SC091	2,023,670
216	IDEA Preschool Handicapped - ARRA	84.392A	10SG091	9,736
	Total Special Education Cluster (IDEA)			5,713,348
	State Fiscal Stabilization Cluster			
	US Department of Education			
	Passed through S.C. Department of Education			
250	State Fiscal Stabilization - ARRA	84.394A	10SF091	5,119,100
	Total State Fiscal Stabilization Cluster			5,119,100
	Child Nutrition Cluster			
	US Department of Agriculture			
	Passed through S.C. Department of Education			
600	Food Service Equipment - ARRA	10.579	10SE091	19,000
600	School Breakfast Program - cash assistance	10.553	N/A	1,251,618
600	School Lunch Program:			
600	Cash assistance	10.555	N/A	2,712,545
600	Non-cash assistance (commodities)	10.555	N/A	336,332
	Total Child Nutrition Cluster			4,319,495
	OTHER PROGRAMS			
	US Department of Education			
	Passed through S.C. Department of Education			
207	Occupational Education	84.048	10VA091	266,269
209	Drug Free Schools	84.186	10FQ091	47,995
227	McKinney-Vento Homeless Assistance Act	84.387	09SJ091	4,751
230	WIA Summer Program-Rock Hill High	17.259	10SW091	8,495
241	Title V - Part A - subprogram 00	84.298	10BB091	390
243	Adult Education - subprogram 00	84.002	10EA091	115,209
264	Language Instruction Title III	84.365A	10BP091	85,757
267	Improving Teacher Quality	84.367A	10TQ091	622,635
822	Extended School Year	84.027	10CE091	14,960
868	Energy - ARRA	81.041	S09-0087	68,952
894	Title VII	84.060A	S060A092454	9,460
	Total of U.S. Department of Education			1,244,873
	Total other federal awards			1,244,873
	Total federal awards			\$ 21,290,682

Footnotes: The accounting policies of the School District conform to generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the more significant policies can be found in the notes to the financial statements of the School District's basic financial statements for the year ended June 30, 2010. All expenditures reported on the above Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting as applicable to governmental funds, except for the expenditures of programs under CFDA Numbers 10.553, 10.555 and 10.579, which are reported under the full accrual basis of accounting as applicable to enterprise funds.

The accounting system used by South Carolina LEA's does not allow for the segregation of expenditures by fund sources in the Food Service Fund. Total expenses of the Food Service Fund were \$6,937,690. The detailed schedule of food service may be found on "Schedule D-1" of this report.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

The Honorable Chairman and  
Members of the Board of Trustees  
Rock Hill School District Three  
Rock Hill, South Carolina

We have audited the financial statements of Rock Hill School District Three as of and for the year ended June 30, 2010, and have issued our report thereon dated December 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's 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 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 communication is intended solely for the information and use of the Board of Trustees, management and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, appearing to read "Elliott Davis, LLC". The signature is written in a cursive, somewhat stylized font.

Columbia, South Carolina  
December 1, 2010



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

The Honorable Chairman and  
Members of the Board of Trustees  
Rock Hill School District Three  
Rock Hill, South Carolina

Compliance

We have audited the compliance of Rock Hill School District Three with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This communication is intended solely for the information and use of the Board of Trustees, management and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "E. Scott Brown, LLC". The signature is written in a cursive, flowing style.

Columbia, South Carolina  
December 1, 2010

ROCK HILL SCHOOL DISTRICT THREE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended June 30, 2010

**I. Summary of Auditors' Results**

**Financial Statements**

- |   |             |
|---|-------------|
| (a.) Type of auditors' report:  | Unqualified |
| (b.) Internal control over financial reporting:   |             |
| 1) Material weaknesses identified:  | None noted  |
| 2) Significant deficiencies identified that are not considered to be material weaknesses: | None noted  |
| (c.) Noncompliance material to financial statements noted:                                | None noted  |

**Federal Awards**

- |   |             |
|---|-------------|
| (a.) Internal control over major programs:  |             |
| 1) Material weaknesses identified:  | None noted  |
| 2) Significant deficiencies identified that are not considered to be material weaknesses:                 | None noted  |
| (b.) Type of auditors' report issued on compliance for major programs:                                    | Unqualified |
| (c.) Audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133: | None noted  |
| (d.) Identification of major program:   |             |

<u>CFDA Numbers</u>	<u>Name of federal program or cluster</u>
84.010, 84.010A, 84.389A	Title I Cluster
84.027, 84.173, 84.391A, 84.392A	IDEA Cluster
84.394A	State Fiscal Stabilization Fund

- |   |           |
|---|-----------|
| (e.) Dollar threshold used to distinguish between type A and type B Programs: | \$650,150 |
| (f.) Auditee qualified as low risk auditee?                                   | Yes       |

**II. Findings Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*:**

None noted

**III. Findings and Questioned Costs Relating to Federal Awards**

None noted

**Summary Schedule of Prior Audit Findings**

None reported