

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**



ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA

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YEAR ENDED JUNE 30, 2017

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ROCK HILL, SOUTH CAROLINA**

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**ROCK HILL SCHOOL DISTRICT THREE  
ADMINISTRATIVE CHART  
AS OF JUNE 30, 2017**

**Board of Trustees**

Rock Hill School District Three (“District”) is governed by a seven member Board of Trustees elected at large by the registered voters in the District at the November general election in even-numbered years. Trustees are elected to serve staggered 4-year terms of office, which commence on the first board meeting in November following certification of election results.

<b><u>Name</u></b>	<b><u>Occupation</u></b>	<b><u>Number of Years of Service</u></b>
Mrs. Windy Cole	Development Director	1
Mrs. Mildred Douglas (Vice-Chair)	Retired Public School Teacher	16
Mr. Terry Hutchinson	Automotive Mechanic	5
Ms. Elizabeth “Ann” Reid	Retired Educator	16
Dr. Jane Sharp	Retired Educator	7
Mrs. Helena Miller	Community Volunteer	3
Mr. Jim Vining (Chair)	Management Consultant	18

**District Personnel**

<b><u>Name</u></b>	<b><u>Position</u></b>
Dr. Kelly Pew	Superintendent
Mr. Anthony Cox	Deputy Superintendent
Dr. Harriet Jaworowski	Associate Superintendent for Accountability and Instructional Services
Dr. Luanne Kokolis	Associate Superintendent for Planning Program Support Services
Mrs. Terri Smith	Chief Financial Officer
Dr. Tanya Campbell	Chief Personnel Officer

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# Financial Section

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## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Rock Hill School District Three  
Rock Hill, South Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rock Hill School District Three, South Carolina (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, which statements reflected \$567,271, (\$85,322) and \$788,657, respectively, in assets, net position (deficit), and revenues. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditor. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rock Hill School District Three, South Carolina, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As discussed in Note I.B to the financial statements, for the year ended June 30, 2017 the District has elected to change its policy for accounting and reporting its food service operations from an enterprise fund to a governmental fund. Our opinion is not modified with respect to this matter.

## ***Adoption of Accounting Principle***

As discussed in Note I.B to the financial statements, for the year ended June 30, 2017 the District adopted the provisions of Governmental Accounting Standards Board Statement ("GASB") No. 77 "*Tax Abatement Disclosures*". Our opinion is not modified with respect to this matter.

## ***Pending Implementation of GASB Statement on Postemployment Benefits Other Than Pensions***

As discussed in Note IV.H, the GASB issued Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("GASB #75") in 2015. GASB #75, which will be adopted by the District for the year ended June 30, 2018, will require the District to report a net other postemployment benefit ("OPEB") liability on its applicable financial statements for its participation in the South Carolina State Health Plan ("Plan").

Based on recent information provided by the South Carolina Public Employee Benefit Authority, it is anticipated that the District's share of the net OPEB liability associated with this Plan will decrease its governmental beginning net position for the year ended June 30, 2018 by approximately \$168,348,000 (preliminarily estimated to be approximately 160% of the District's covered payroll). Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
November 27, 2017

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**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

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**INTRODUCTION**

This discussion and analysis of Rock Hill School District Three's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017 ("2017") compared to the fiscal year ended June 30, 2016 ("2016"). The intent of this discussion and analysis is to look at the District's financial performance as a whole, with an emphasis on the Primary Government (which excludes the District's discretely presented charter school); readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2017 are as follows:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$8.8 million. Of this amount, approximately (\$133.6) million was a negative unrestricted net position. This negative unrestricted net position is a result of pension accounting standards that were implemented in 2015, which resulted in the District recording a net pension liability and related deferred pension balances for its participation in the State retirement plans. Without the net pension liability and deferred pension balances, which were \$183.1 million at June 30, 2017, the District would have total unrestricted net position of \$49.5 million.
- The District's total net position increased by approximately \$9.9 million compared to an approximately \$7.8 million increase in the prior year. This change in net position is primarily due to an increase in revenues.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of approximately \$78.2 million, an increase of approximately \$1.7 million from the prior year, which is attributable primarily to increases in revenues and other financing sources.
- At the end of the current fiscal year, total fund balance for the General Fund was approximately \$34.2 million, which is 24% percent of total General Fund expenditures. Approximately \$31.0 million is unassigned.
- The fund balance for the General Fund increased by approximately \$3.7 million, as revenues and other financing sources of approximately \$150.8 million exceeded expenditures and other financing uses of approximately \$147.1 million.
- The District's total capital assets increased by approximately \$13.2 million (6%) during the current fiscal year, as net additions of approximately \$25.3 million exceeded depreciation expense and net disposals of approximately \$12.1 million.
- The District's total outstanding indebtedness increased by approximately \$1.6 million (1%) during the current fiscal year, due to principal payments of approximately \$63.6 million, partially offset by new borrowings of approximately \$65.1 million.
- Effective July 1, 2016, the District converted its food service activities from an enterprise fund to a special revenue fund. See Note I.B "Change in Accounting Principle" in the notes to the financial statements for more information.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements and notes to those statements. The financial statements include two kinds of statements, (*the government-wide financial statements and the fund financial statements*) that present different views of the District. The government-wide statements are intended to give the reader both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements are intended to provide a more detailed look at specific financial activities.

**Government-wide financial statements.** These statements provide a broad overview of the District's overall financial status, in a manner similar to a private-sector enterprise. These statements report information about the District as a whole.

The *Statement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, other non-financial factors, such as the District's property tax base and the condition and age of school buildings, as well as other physical assets, should be considered.

ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2017

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

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

Both of the government-wide financial statements distinguish functions of the 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). All of the District's activities are reported in governmental activities in the government-wide financial statements (as the District no longer has any business-type activities).

The government-wide financial statements include not only the District itself (known as the primary government), but also its discretely presented component unit, The Palmetto School at the Children's Attention Home ("Charter School"). Financial information for the Charter School is reported separately from the financial information presented for the primary government itself; this information is not material to the District as a whole. See Note I.A. for details about how to obtain a copy of the Charter School's complete separately issued financial statements.

**Fund Financial Statements.** The remaining financial statements are *fund financial statements* that focus on *individual parts* of the District, and not the District as a whole. The fund financial statements report the District's operations in *more detail* than the government-wide statements, and focus on the District's most significant, or "major" funds. 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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

***Governmental Funds***

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. All of the District's basic services are included within the governmental funds. The governmental funds generally focus on two things-how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The governmental fund statements provide a more 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 District's programs. However the governmental fund statements do not encompass the additional long-term focus as that of the government-wide financial statements, and as a result additional information at the end of the governmental fund statements, in the form of a reconciliation, explains the relationship (or differences) between the governmental fund statements and the government-wide statements.

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

***Fiduciary Funds***

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

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

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

***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found as listed in the table of contents of this report.

***Other Information***

The District adopts an annual appropriated budget only for its General Fund. A budgetary comparison schedule has been provided as required supplementary for this fund to demonstrate compliance with the budgets. Required pension plan schedules have been included which provide relevant information regarding the District's participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. Required supplementary information can be found as listed in the table of contents.

In addition to the financial statements, notes, and required supplementary information, this report includes certain supplementary information. The combining and individual fund financial schedules and the location reconciliation schedule can be found as listed in the table of contents of this report.

Major Features of the District's Government-Wide and Fund Financial Statements			
	Government-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Fund
Scope	Entire District (except fiduciary funds) and the discretely presented component unit.	The activities of the District that are not fiduciary.	Instances in which the District is the agent for someone else's resources - the Pupil Activity Fund.
Required financial statements	<ul style="list-style-type: none"> <li>Statement of net position.</li> <li>Statement of activities.</li> </ul>	<ul style="list-style-type: none"> <li>Balance sheet.</li> <li>Statement of revenues, expenditures, and changes in fund balances.</li> </ul>	<ul style="list-style-type: none"> <li>Statement of fiduciary net assets and liabilities.</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of balance sheet information	All balance sheet elements, both financial and capital, and short-term and long-term.	All balance sheet elements that come due during the year or shortly thereafter. No capital assets or long-term debt are included.	All balance sheet elements, both short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after year-end; expenditures when goods or services have been received and payment is due during or soon after year end.	All revenues and expenses during year, regardless of when cash is received or paid.

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$8.8 million at the close of the most recent fiscal year.

The table below provides a summary of net position for the District's Primary Government as of June 30, 2017 compared to June 30, 2016:

**Net Position - Governmental Activities**

	Governmental Activities	
	June 30, 2017	June 30, 2016 *
<b>Assets</b>		
Current and Other Assets	\$ 115,408,758	\$ 105,950,006
Capital Assets, Net	248,776,589	235,539,447
Total Assets	364,185,347	341,489,453
<b>Deferred Outflows of Resources</b>		
Deferred Pension Charges	30,751,962	15,019,680
<b>Liabilities</b>		
Other Liabilities	29,774,344	22,072,987
Net Pension Liability	206,102,179	190,273,707
Long-Term Liabilities	142,588,275	141,909,469
Total Liabilities	378,464,798	354,256,163
<b>Deferred Inflows of Resources</b>		
Deferred Pension Credits	7,707,382	3,390,391
<b>Net Position</b>		
Net Investment in Capital Assets	128,842,354	114,594,165
Restricted	13,478,447	16,521,785
Unrestricted	(133,555,672)	(132,253,371)
Total Net Position	\$ 8,765,129	\$ (1,137,421)

\* 2016 amounts have been restated to reflect the conversion of Food Service balances from business-type activities to governmental activities. See Note I.B in the notes to the financial statements for more information.

The District's current and other assets at June 30, 2017 increased by approximately \$9.5 million from the prior year, primarily due to an increase in cash on hand due to unspent bond proceeds. The District's capital assets at June 30, 2017 increased by approximately \$13.2 million from the prior year due to additions of \$25.3 million exceeding depreciation expense and net disposals of approximately \$12.1 million. The District's total liabilities at June 30, 2017 increased by approximately \$24.2 million from the prior year. This increase was primarily due to an increase in accounts payable related to construction activities, an increase in the net pension liability, and an increase in long-term obligations due to the issuance of the general obligation bond anticipation notes in the current year, partially offset by regularly scheduled principle payments. The changes in the net pension liability and deferred outflows/inflows of resources was primarily due to differences between expected and actual liability/investment experience and changes in the percentage of the District's share of the net pension liability in the State retirement plans.



**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

The District's net position increased by approximately \$9.9 million during the current fiscal year as revenues exceeded expenses. See the discussion following the next table regarding this increase.

The largest positive portion of the District's net position (approximately \$128.8 million) reflects its investment in capital assets (i.e., land, buildings, furniture and equipment, etc.) less any related outstanding debt obligations used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt generally must be provided from other sources, since generally the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (approximately \$13.5 million) represents resources that are subject to external restrictions on how they may be used. These amounts are restricted primarily for debt service or by revenue source. The remaining portion of the District's net position is negative and is approximately (\$133.6) million primarily due to recording the District's proportionate share of the net pension liability and related deferred pension balances related to the State retirement plans.

The table below shows the changes in net position for the District's Primary Government for the current and prior fiscal year:

**Changes in Net Position**

	Governmental Activities	
	2017	2016 *
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 4,342,472	\$ 4,105,706
Operating Grants	95,217,559	89,199,961
General Revenues:		
Taxes	70,068,027	69,023,932
State Revenue in Lieu of Taxes	35,707,174	34,484,145
Other	2,037,001	2,075,239
Total Revenues	<u>207,372,233</u>	<u>198,888,983</u>
<b>Program Expenses</b>		
Instruction	108,872,732	103,423,878
Supporting Services	85,771,352	83,798,001
Community Services	302,319	276,002
Interest and Other Charges	2,523,280	3,546,519
Total Program Expenses	<u>197,469,683</u>	<u>191,044,400</u>
Change in Net Position	9,902,550	7,844,583
Net Position, Beginning of Year	<u>(1,137,421)</u>	<u>(8,982,004)</u>
Net Position, End of Year	<u>\$ 8,765,129</u>	<u>\$ (1,137,421)</u>

\* 2016 amounts have been restated to reflect the conversion of Food Service balances from business-type activities to governmental activities. See Note I.B in the notes to the financial statements for more information.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

*Governmental Activities*

The District's governmental activities net position increased by approximately \$9.9 million in 2017, compared to approximately \$7.8 million in 2016. This increase was due to an increase in revenues of approximately \$8.5 million. The increase in revenues was largely due to an increase in operating grants, taxes, and state revenues.

**FUND ANALYSIS**

*Governmental Funds*

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

For the year ended June 30, 2017, the District's governmental funds reported a combined fund balance of approximately \$78.2 million, compared to approximately \$76.5 million for the prior year. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2017, the District's unassigned fund balance for all governmental funds was approximately \$32.2 million, which solely represents the General Fund. The remaining fund balance is comprised of approximately \$7.7 million restricted for debt service, approximately \$22.0 million restricted for capital projects, approximately \$1.4 million restricted for special education programs, approximately \$4.3 million restricted for food service, approximately \$2.0 million in nonspendable fund balance (representing prepaid items and inventories), and approximately \$8.6 million assigned for capital projects.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was approximately \$34.2 million, of which approximately \$32.2 million was unassigned.

The District's General Fund balance increased approximately \$3.7 million from the prior year, a change of approximately \$1.8 million from the prior year's increase of approximately \$5.5 million. Revenues for the current year were approximately \$146.1 million, increasing by approximately \$6.3 million from the prior year. This increase is due primarily to an increase in state funding and local property taxes. The increase in state funding (approximately \$4.8 million) is due primarily to an increase in the base student cost of approximately \$100 to \$2,197 and an increase in fringe benefits employer contributions funding. The increase in local property taxes (approximately \$1.5 million) is due to an increase in assessed values combined with better collections while maintaining an operating millage rate at 147.4 mills. Expenditures for the current year were approximately \$144.3 million, increasing by approximately \$7.6 million from the prior year, due primarily to a "Step" increase for teachers, cost of living increase, and new teaching positions. The unassigned fund balance of approximately \$31.0 million at June 30, 2017 in the General Fund represents 21% of General Fund expenditures for the year ended June 30, 2017.

The District's Special Revenue Fund and Special Revenue – EIA Fund, are used to account for revenues derived from the State of South Carolina and the Federal Government. Special Revenue funds generally do not have fund balances as revenues should be expended, unearned, or returned to the grantor.

The Debt Service Fund is used to account for the accumulation of funds for debt service. The District's debt millage rate remained at 52.0 mills. The fund balance in the Debt Service Fund decreased approximately \$7.5 million in 2017 to approximately \$7.7 million, as revenues of approximately \$24.9 million were exceeded by expenditures of approximately \$25.0 million and net other financing uses of approximately \$7.4 million. The entire fund balance is restricted for the future payment of debt service.

The Capital Projects Fund is utilized to account for the District's major capital project expenditures. The Capital Projects Fund increased by approximately \$4.5 million during 2017 to approximately \$30.5 million at June 30, 2017, as net other financing sources of approximately \$67.3 million and revenues of approximately \$0.5 million exceeded expenditures for various technology purchases and construction projects of approximately \$63.3 million.

Food Service Fund is utilized to account for the District's food service program. This Food Service Fund increased by approximately \$0.3 million during 2017 to approximately \$4.3 million at June 30, 2017, as revenues of \$8.0 million exceeded expenditures of approximately \$7.7 million.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's General Fund budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Board of Trustees adopted a balanced budget that reflected total revenue and other sources of \$147.2 million. During the course of 2017, there was no formal amendment to the General Fund budget. However the Board of Trustees approved the usage of \$2.5 million from fund balance to be used as a cash contribution plus the proceeds of the 2016 Equipment Acquisition and Use agreement to refund the 2006 Capital Lease.

At the end of 2017, the General Fund had a positive total budget to actual variance of \$3.7 million. Local revenue, primarily ad valorem taxes and revenue in lieu of taxes, exceeded budget by \$3.5 million due to an increase in assessed values combined with better than expected collection rates. State revenues were under budget by approximately \$0.3 million as revenues received for Education Finance Act and state revenue in lieu of taxes were less than budgeted. Expenditures were less than budgeted primarily due to savings of the employer portion of employee benefits. The net change in fund balance (an increase of approximately \$3.7 million) was better than the budgeted break even.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2017, the District had approximately \$248.8 million invested in capital assets, net of depreciation. The total increase in the District's investment in capital assets was approximately \$13.2 million or 6%. Additions of approximately \$25.3 million, were partially offset by depreciation expense of approximately \$9.6 million and net disposals of approximately \$2.5 million.

The table below shows capital asset balances as of June 30, 2017 compared to June 30, 2016:

**Capital Assets, Net**

	Governmental Activities	
	June 30, 2017	June 30, 2016*
Land	\$ 9,958,518	\$ 10,398,437
Construction in Progress	23,301,307	3,366,328
Buildings and Improvements	208,674,004	217,010,700
Furniture and Equipment	6,842,760	4,763,982
Totals	<u>\$ 248,776,589</u>	<u>\$ 235,539,447</u>

\* 2016 amounts have been restated to reflect the conversion of Food Service balances from business-type activities to governmental activities. See Note I.B in the notes to the financial statements for more information.

For more information regarding the District's capital assets, see Note III.C in the notes to the financial statements.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

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

***Capital Assets (Continued)***

Significant capital asset events during the current fiscal year included the following:

- Construction in progress totaling approximately \$22.2 million which was primarily related to a number of building renovations, restroom renovations, roofing, and athletic improvements.
- Purchase of equipment totaling approximately \$2.6 million
- Building improvements totaling approximately \$0.5 million

The District has outstanding construction commitments of approximately \$56,380,000 at June 30, 2017.

***Debt Administration***

At year-end, the District had approximately \$137.0 million in indebtedness, compared to approximately \$135.4 million in the prior year. The outstanding indebtedness of the District increased approximately \$1.6 million (1%) in the current year as shown in the table below. All of the District's bonded debt is backed by the full faith and credit of the District as is typical with general obligation bond indebtedness.

**Outstanding Indebtedness**

	Governmental Activities	
	June 30, 2017	June 30, 2016
GO Bond - March 14, 2007	\$ -	\$ 175,000
GO Bond - September 23, 2009	2,040,000	15,500,000
GO Bond - October 7, 2010	-	4,725,000
GO Bond - September 19, 2012	-	2,499,000
GO Bond - September 12, 2013	-	2,912,000
GO Bond - February 19, 2014	13,470,000	15,005,000
GO Bond - October 29, 2014	2,500,000	4,455,000
GOR Bond - March 12, 2015	53,810,000	53,810,000
GOBAN - September 30, 2015	-	30,000,000
GOBAN - September 29, 2016	50,000,000	-
GO Bond - September 29, 2016	11,665,000	-
Note Payable - Equipment Acquisition and Use Agreement	3,525,000	-
Capital Lease Obligation	-	6,319,493
Total Outstanding Indebtedness	<u>\$ 137,010,000</u>	<u>\$ 135,400,493</u>

Key highlights related to the District's total indebtedness for 2017 are as follows:

- Principal payments of approximately \$63.6 million were made on the outstanding debt.
- New borrowings of approximately \$65.2 million.

Section 15 of Article X of the South Carolina State Constitution allows Districts to incur a legal debt limit not to exceed 8% of the assessed value of all taxable property in the District, unless approved by a majority vote in a referendum authorized by law. At June 30, 2017, the District's assessed property valuation was approximately \$482.3 million. The District had approximately \$1.6 million in bonded debt subject to the 8% limit of approximately \$38.6 million, resulting in unused legal debt margin of approximately \$37.0 million.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**YEAR ENDED JUNE 30, 2017**

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

***Debt Administration (Continued)***

As noted earlier, other long-term obligations consist of bond premiums and accrued compensated absences. More detailed information about the District's debt and other long-term obligations is presented in III.D in the notes to the financial statements.

**ECONOMIC FACTORS**

Rock Hill School District Three is located in York County with the entire city of Rock Hill being encompassed by the 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 State, which provides for some annual growth in the tax base. The area in general is growing. However Rock Hill School District Three's Average Daily Membership declined by 130 students in 2017 from the previous fiscal year. During 2010-2011 a state charter school opened in the district resulting in a large decrease in student population for that year. Because of the addition of grade levels at this school each year, the district enrollment will be closely monitored and is expected to continue a slow growth as the charter school is fully enrolled.

**2018 BUDGETS**

In June 2017, the Board of Trustees approved a balanced General Fund budget of approximately \$151.2 million for the year ended June 30, 2018 ("2018"). This budget represents a 1% increase from the 2017 General Fund budget of \$149.7 million. The 2018 General Fund budget includes, a step increase for certified teachers and other eligible staff, increase in employer health premiums of 3.3%, an increase in the employer retirement rate of 2% plus an estimated 0.5% surcharge, a utility increase for water/sewer and electric/gas, and an additional 16 FTE's. In order for the District to be more competitive with surrounding districts, the budget also includes the elimination of a 15% retiree salary reduction and a partial implementation of a salary study recommendation for certified teachers, OT/PT, and maintenance/custodial staff. The budget includes a six mill increase in operating tax millage as allowed by local legislation and an increase in the base student cost of \$85 to \$2,435 per weighted pupil unit.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide those interested with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Terri Smith, Chief Financial Officer, at Rock Hill School District Three, PO Drawer 10072, Rock Hill, South Carolina, 29731.

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# Basic Financial Statements

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**STATEMENT OF NET POSITION**

**JUNE 30, 2017**

	<b>PRIMARY GOVERNMENT Governmental Activities</b>	<b>COMPONENT UNIT Charter School</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 38,855,744	\$ 269,455
Cash and Cash Equivalents, Restricted	25,403,832	-
Investments	-	187,806
Cash and Investments Held by County Treasurer	36,903,913	-
Property Taxes Receivable, Net	10,209,309	-
Accounts Receivable	310,321	28,922
Due from State	319,437	-
Due from Federal	1,421,366	-
Inventories and Prepaid Items	1,984,836	2,367
Capital Assets:		
Non-Depreciable	33,259,825	-
Depreciable, Net	215,516,764	78,721
<b>TOTAL ASSETS</b>	<b>364,185,347</b>	<b>567,271</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Pension Charges	30,751,962	880,894
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	11,677,466	20,706
Accrued Salaries, Fringe & Benefits	11,422,277	33,649
Accrued Interest Payable	2,324,903	-
Unearned Revenue	2,749,698	66,995
Notes Payable	1,600,000	-
Non-Current Liabilities:		
Net Pension Liability	206,102,179	1,410,605
Long-Term Obligations - Due Within One Year	58,050,768	-
Long-Term Obligations - Due in More than One Year	84,537,507	-
<b>TOTAL LIABILITIES</b>	<b>378,464,798</b>	<b>1,531,955</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Pension Credits	7,707,382	1,532
<b>NET POSITION</b>		
Net Investment in Capital Assets	128,842,354	78,721
Restricted For:		
Debt Service	7,793,385	-
Food Service	4,308,938	-
Special Educational Programs	1,376,124	-
Other	-	12,660
Unrestricted	(133,555,672)	(176,703)
<b>TOTAL NET POSITION</b>	<b>\$ 8,765,129</b>	<b>\$ (85,322)</b>

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



ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Charter School
<b>PRIMARY GOVERNMENT:</b>						
Governmental Activities:						
Instruction	\$ 108,872,731	2,715,058	62,949,795	-	(43,207,878)	
Support Services	85,771,352	1,627,414	32,266,483	-	(51,877,455)	
Community Services	302,321	-	1,281	-	(301,040)	
Interest and Other Charges	2,523,280	-	-	-	(2,523,280)	
Total Governmental Activities	<u>197,469,684</u>	<u>4,342,472</u>	<u>95,217,559</u>	<u>-</u>	<u>(97,909,653)</u>	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b><u>\$ 197,469,684</u></b>	<b><u>4,342,472</u></b>	<b><u>95,217,559</u></b>	<b><u>-</u></b>	<b><u>(97,909,653)</u></b>	
<b>COMPONENT UNIT</b>						
Charter School	<u>\$ 1,045,549</u>	<u>-</u>	<u>473,347</u>	<u>-</u>		<u>\$ (572,202)</u>
<b>GENERAL REVENUES</b>						
Property Taxes Levied for General Purposes					48,081,087	-
Property Taxes Levied for Debt Service					21,986,940	-
State Revenue in Lieu of Taxes					35,707,174	-
Investment Earnings					869,979	22,961
Miscellaneous Revenues - Not Restricted to Specific Programs					1,042,040	292,349
Gain on Disposal of Capital Assets					124,983	-
Total General Revenues					<u>107,812,203</u>	<u>315,310</u>
<b>CHANGE IN NET POSITION</b>					<b>9,902,550</b>	<b>(256,892)</b>
NET POSITION - Beginning of Year, As Previously Reported					(3,737,633)	171,570
Conversion of Food Services from Business-Type Activities to Governmental Activities					2,600,212	-
NET POSITION, Beginning of Year, Restated					<u>(1,137,421)</u>	<u>171,570</u>
<b>NET POSITION, End of Year</b>					<b><u>8,765,129</u></b>	<b><u>\$ (85,322)</u></b>

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

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2017**

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 38,855,644	100	-
Cash and Cash Equivalents, Restricted	-	-	-
Cash and Investments Held by County Treasurer	4,305,627	-	-
Receivables, Net:			
Taxes	7,677,303	-	-
Accounts	82,130	152,887	-
Due From:			
State	2,330	223,653	93,454
Federal	-	1,413,858	-
Other Funds	17,525,817	565,101	1,676,769
Prepaid Items	1,743,628	-	-
Inventories	241,208	-	-
<b>TOTAL ASSETS</b>	<b>\$ 70,433,687</b>	<b>2,355,599</b>	<b>1,770,223</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts Payable	\$ 10,844,092	-	-
Accrued Salaries, Fringe & Benefits	11,422,277	-	-
Due To:			
Other Funds	6,551,112	-	-
Unearned Revenue	-	979,475	1,770,223
Note Payable	-	-	-
<b>TOTAL LIABILITIES</b>	<b>28,817,481</b>	<b>979,475</b>	<b>1,770,223</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	7,389,859	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>7,389,859</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>			
Fund Balances			
Nonspendable For:			
Prepaid Items	1,743,628	-	-
Inventories	241,208	-	-
Restricted For:			
Debt Service	-	-	-
Capital Projects	-	-	-
Special Educational Programs	-	1,376,124	-
Food Service	-	-	-
Assigned For:			
Property Tax Refunds	1,238,971	-	-
Capital Projects	-	-	-
Unassigned	31,002,540	-	-
<b>TOTAL FUND BALANCES</b>	<b>34,226,347</b>	<b>1,376,124</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 70,433,687</b>	<b>2,355,599</b>	<b>1,770,223</b>

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

DEBT SERVICE	CAPITAL PROJECTS	SPECIAL REVENUE - FOOD SERVICE	TOTAL GOVERNMENTAL FUNDS
-	-	-	\$ 38,855,744
-	25,403,832	-	25,403,832
8,538,065	24,060,221	-	36,903,913
2,532,006	-	-	10,209,309
-	-	75,304	310,321
-	-	-	319,437
-	-	7,508	1,421,366
648,217	-	4,226,126	24,642,030
-	-	-	1,743,628
-	-	-	241,208
<b>11,718,288</b>	<b>49,464,053</b>	<b>4,308,938</b>	<b>\$ 140,050,788</b>
-	833,374	-	\$ 11,677,466
-	-	-	11,422,277
-	18,090,918	-	24,642,030
-	-	-	2,749,698
1,600,000	-	-	1,600,000
1,600,000	18,924,292	-	52,091,471
2,389,650	-	-	9,779,509
2,389,650	-	-	9,779,509
-	-	-	1,743,628
-	-	-	241,208
7,728,638	-	-	7,728,638
-	21,988,272	-	21,988,272
-	-	-	1,376,124
-	-	4,308,938	4,308,938
-	-	-	1,238,971
-	8,551,489	-	8,551,489
-	-	-	31,002,540
7,728,638	30,539,761	4,308,938	78,179,808
<b>11,718,288</b>	<b>49,464,053</b>	<b>4,308,938</b>	<b>\$ 140,050,788</b>

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

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

**JUNE 30, 2017**

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**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 78,179,808**

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

Outstanding property taxes and other revenues which will be collected in the future, but are not available soon enough to pay for the current period's expenditures, are therefore unavailable in the funds. 9,779,509

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$385,382,398, and the accumulated depreciation is \$136,605,809. 248,776,589

The District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans are not recorded in the governmental funds but are recorded in the Statement of Net Position. (183,057,599)

Interest is recorded as an expenditure when due and payable in the governmental funds. Interest is recorded in the government-wide statements when it is due. This amount represents the amount of interest due but unpaid at year-end. (2,324,903)

Long-term liabilities, including bond premiums and capital leases, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities consisted of the following:

Long-Term Debt (including capital leases)	(137,010,000)	
Net Premiums	(4,912,507)	
Compensated Absences	(665,768)	(142,588,275)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$ 8,765,129**

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

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ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	GENERAL	SPECIAL REVENUE	SPECIAL REVENUE - EIA
<b>REVENUES</b>			
Local Sources:			
Taxes	\$ 52,434,316	-	-
Investment Earnings	298,048	-	-
Other Local Sources	802,788	3,763,449	-
State Sources	92,581,622	2,934,019	11,103,127
Federal Sources	-	8,797,026	-
Intergovernmental Revenue	-	525,682	-
<b>TOTAL REVENUES</b>	<b>146,116,774</b>	<b>16,020,176</b>	<b>11,103,127</b>
<b>EXPENDITURES</b>			
Current:			
Instruction	84,958,933	9,317,742	5,060,802
Support Services	58,280,943	5,529,014	1,684,491
Community Services	172,864	129,457	-
Intergovernmental	392,779	158,716	259,540
Capital Outlay	6,515	56,614	51,508
Debt Service:			
Principal Retirement	334,959	-	-
Interest and Fiscal Charges	122,986	-	-
Other Charges	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>144,269,979</b>	<b>15,191,543</b>	<b>7,056,341</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,846,795</b>	<b>828,633</b>	<b>4,046,786</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the Sale of Capital Assets	14,075	-	-
Issuance of General Obligation Bond Anticipation Notes	-	-	-
Issuance of Refunding Debt	-	-	-
Premium on Issuance of Bonds	-	-	-
Payment to Refunding Bond Escrow Agent	-	-	-
Transfers In	4,652,957	-	-
Transfers Out	(2,774,661)	(317,770)	(4,046,786)
<b>CHANGE IN NET POSITION</b>	<b>1,892,371</b>	<b>(317,770)</b>	<b>(4,046,786)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>3,739,166</b>	<b>510,863</b>	<b>-</b>
FUND BALANCES, Beginning of Year, as Restated	30,487,181	865,261	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 34,226,347</b>	<b>1,376,124</b>	<b>-</b>

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

DEBT SERVICE	CAPITAL PROJECTS	SPECIAL REVENUE - FOOD SERVICE	TOTAL GOVERNMENTAL FUNDS
23,347,881	-	-	\$ 75,782,197
106,367	465,564	-	869,979
-	-	1,627,414	6,193,651
1,461,116	-	563	108,080,447
-	-	6,344,149	15,141,175
-	-	-	525,682
<b>24,915,364</b>	<b>465,564</b>	<b>7,972,126</b>	<b>206,593,131</b>
-	-	-	99,337,477
-	11,798,860	7,470,716	84,764,024
-	-	-	302,321
-	-	-	811,035
-	20,549,992	170,986	20,835,615
20,735,534	30,000,000	-	51,070,493
4,045,030	600,000	-	4,768,016
178,211	310,876	-	489,087
24,958,775	63,259,728	7,641,702	262,378,068
<b>(43,411)</b>	<b>(62,794,164)</b>	<b>330,424</b>	<b>(55,784,937)</b>
-	2,554,610	6,039	2,574,724
-	50,000,000	-	50,000,000
15,190,000	-	-	15,190,000
1,875,951	1,179,946	-	3,055,897
(13,371,722)	-	-	(13,371,722)
2,500,000	13,600,000	274,661	21,027,618
(13,600,000)	-	(288,401)	(21,027,618)
(7,405,771)	67,334,556	(7,701)	57,448,899
<b>(7,449,182)</b>	<b>4,540,392</b>	<b>322,723</b>	<b>1,663,962</b>
15,177,820	25,999,369	3,986,215	76,515,846
<b>7,728,638</b>	<b>30,539,761</b>	<b>4,308,938</b>	<b>\$ 78,179,808</b>

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2017**

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<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>1,663,962</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.	654,121
Repayment of debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	63,580,493
The issuance of debt provides current financial resources to governmental funds, but issuing debt or entering into capital leases increases long-term liabilities in the Statement of Net Position. This is the proceeds and premiums received in the current year	(65,190,000)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds 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. This is the change in accrued interest for the year.	(560,688)
Bond premiums are recorded in the year they are received in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities. This amount is the amortization of the premiums in the current year.	1,100,336
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(169,635)
Changes in the District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for its participation in the State retirement plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(4,413,181)
In the Statement of Activities the gain (loss) on the disposal of capital assets is reported, whereas in the governmental funds, proceeds from the disposal of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed.	(2,449,742)
Governmental funds report capital asset additions 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 capital asset additions of \$25,266,460 exceeded depreciation expense of \$9,579,576 during the year.	15,686,884

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b>9,902,550</b>
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The notes to the financial statements are an integral part of this statement.  
See accompanying independent auditor's report.



**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**STATEMENT OF ASSETS AND LIABILITIES**

**FIDUCIARY FUND**

**JUNE 30, 2017**

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	<b>AGENCY</b>
<b>ASSETS</b>	
Receivables	\$ 1,381,534
<b>TOTAL ASSETS</b>	<b>\$ 1,381,534</b>
<b>LIABILITIES</b>	
Due to Student Organizations	\$ 1,381,534
<b>TOTAL LIABILITIES</b>	<b>\$ 1,381,534</b>

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

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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*Rock Hill School District Three, South Carolina* (the “District”), established in 1953, is governed by a seven member Board of Trustees (“Board”) which has oversight responsibility over public school education in the District. The District provides regular and exceptional education for students from kindergarten through grade twelve. The District receives funding from local, state, and federal government sources and must comply with the related requirements of these funding sources.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

As required by GAAP, the financial statements must present the District’s financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the District both appoints a voting majority of the entity’s governing body, and either 1) the District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the District and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the District.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the District having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the District; and (c) issue bonded debt without approval by the District. An entity has a financial benefit or burden relationship with the District if, for example, any one of the following conditions exists: (a) the District is legally entitled to or can otherwise access the entity’s resources, (b) the District is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the District is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the District’s financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government’s operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the District. Based on the criteria above, the District does not have any blended component units; it has one discretely presented component unit, as described below.

***Discretely presented component unit*** – The Palmetto School at 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 services the District and the Charter School leadership terms remain under the jurisdiction of the District’s Board and the District’s Superintendent. Complete separately issued financial statements may be obtained from the administrative offices of Children’s Attention Home Charter School, Post Office Box 2892, Rock Hill, South Carolina 29732.

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these statements.

ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

*Governmental activities*, are supported by program revenues, taxes, and intergovernmental revenues, are reported separately from the legally separate *component units* (Charter School) for which the District is financially accountable.

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

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

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

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

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

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The District does not have any non-major funds. Fiduciary Funds are reported by fund type.

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

ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

- i) **The Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for and report financial resources provided by federal, state, and local projects and grants that are restricted, committed or assigned for special education programs.
- ii) **The Special Revenue - Education Improvement Act ("EIA") Fund, a major fund** and an unbudgeted fund, is used to account for and report the restricted revenue from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which are restricted for specific programs authorized or mandated by the EIA.
- iii) **The Special Revenue - Food Service Fund, a major fund** and an unbudgeted fund, is used to account for and report the financial resources received that are restricted for the cafeteria operations at school locations. These resources primarily consist of revenues received (a) from breakfast, lunch, and other food sales and (b) from the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.

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

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

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

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

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

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

***Change in Accounting Principle***

Effective July 1, 2016, the District converted its food service activities from an enterprise fund to a special revenue fund. This change in accounting principle resulted in an increase to beginning fund balance of approximately \$1,386,000 for this fund, representing (a) the net book value of capital assets for food service equipment (\$743,000), as capital assets are not reported in governmental funds, and (b) the net pension balances related to the State retirement plans (\$2,129,000), as pension balances are not reported in the governmental funds. On its government-wide financial statements, the District recognized an increase to beginning net position for governmental activities of approximately \$2,600,000, as it no longer reports any business-type activities. There was no change in total net position for the District as a result of this change. Accordingly, the District is not reporting any proprietary/enterprise fund activities or balances as of and for the year ended June 30, 2017. Management believes that this new treatment for reporting its food service activities is preferable because they plan, internally budget, and report food service operations in the same manner as they do for all other governmental activities, using the modified accrual basis of accounting. In addition, since a significant amount of food service revenues are received from grants, this new treatment would be comparable and more consistent with the District's treatment of its other federal and state grant programs.

***Adoption of Accounting Principle***

The District implemented GASB Statement No. 77 "*Tax Abatement Disclosures*" ("GASB #77") for the year ended June 30, 2017. The primary objective of GASB #77 was to provide tax abatement information to financial statement users so that they could more readily evaluate a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individual and entities that is beneficial to the government or its citizens. Although many governments offer tax abatements, the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future, is lacking. GASB #77 requires disclosures of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

The adoption of GASB #77 had no impact on the District's financial statements but did result in new and expanded note disclosures. See Note IV.G for more information regarding the District's tax abatements.

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity**

***1. Cash, Cash Equivalents, and Investments***

***Cash and Cash Equivalents***

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

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

---

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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

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

***Investments***

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

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

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

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

***Investments (Continued)***

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

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

- Cash and Investments held by the York County Treasurer which are property taxes collected and other funds received by the District's fiscal agent that have not been remitted to the District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis.
- South Carolina Local Government Investment Pool ("LGIP" or "Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", and GASB Statement No. 72 "*Fair Value Measurement and Application*", investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

***2. Receivables and Payables***

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." These amounts are eliminated in the Statement of Net Position. All accounts and property taxes receivable are shown net of an allowance for uncollectible amounts.

***3. Prepaid Items and Inventories***

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

Under the system for accounting for inventories, materials and supplies are carried in an inventory account at cost, using the first-in, first-out method of accounting, and are subsequently charged to expenditures/expenses when consumed.

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**4. Capital Assets**

General capital 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 Position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at estimated acquisition value (as estimated by the District) at the date of donation. The cost and accumulated depreciation of assets sold or retired are removed from the accounts, and gains or losses, if any, are reflected in revenue or expenditures/expenses for the year. The District maintains a capitalization threshold of \$100,000 for assets with lives of 15 years or more and \$5,000 for all other capital assets. Improvements that meet this criteria are capitalized. The District does not own any significant infrastructure. 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. Interest incurred during the construction of capital assets is not capitalized for governmental activities.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are completed and placed in service, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Category</u>	<u>Governmental Activities</u>
Buildings and Improvements	20 - 50 years
Furniture and Equipment	3 - 12 years

**5. Compensated Absences**

The District reports compensated absences in accordance with GASB Statement No. 16 "*Accounting for Compensated Absences*." The entire compensated absence liability and expense is reported on the government-wide financial statements. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or retirements. The 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. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.



**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

---

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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

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

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

However, claims and judgments, non-current portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts (if any) are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method, if material. Bonds payable are reported net of the applicable bond premiums or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the governmental fund financial statements, governmental funds recognize bond premiums, discounts, and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as expenditures.

***7. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has one type of deferred outflows of resources. The District reports deferred pension charges in its government-wide statement of net position in connection with its net pension liability for its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has two types of deferred inflows of resources: (1) The District reports unavailable revenue – property taxes only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The District also reports deferred pension credits in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers Retirement System. These deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**8. Fund Balance**

In accordance with GAAP, the District classifies governmental fund balances as follows:

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

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

**Committed** – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (the Board) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts for the District consist of amounts approved by a majority vote of the Board (a) in the annual budget or (b) in subsequent requests made throughout the year.

**Assigned** – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. At this time, the Board has not formally granted the right to make assignments of fund balance for the District to anyone other than itself.

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

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

**9. Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets 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. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

***10. Pensions***

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.A. and the required supplementary information immediately following the notes to the financial statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The District recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the District's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

***11. Other Postemployment Benefits***

Other Postemployment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note IV.B), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GAAP.

***12. Fair Value***

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District can access at the measurement date.
- Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:
  - Quoted prices for similar assets and liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted market prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:
  - Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

---

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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

***12. Fair Value (Continued)***

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The District believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

***13. Encumbrances***

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

***14. 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. Those estimates and assumptions affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

***15. Comparative Data***

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

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Accounting**

State statutes require a budget for operations to be approved before expenditures are incurred. The Board will usually approve the operating budget in June for the fiscal year beginning July 1. A budget is adopted by July 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 Funds. 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 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 appropriation. The amounts reported as the final budgeted amounts in the budgetary schedules reflect the amounts in the final amended budget approved for the current year. 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 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 originally and in supplementary action. The legal level of control is at the fund level.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Accounting (Continued)**

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

- a. In the winter, the District sets its budget calendar for the preparation of the budget for the next succeeding fiscal year.
- b. The Finance Department develops each school's allocation based on a membership projection. Each principal uses this allocation to develop the individual school budgets.
- c. The District's Administrative Cabinet, consisting of the Superintendent, Association Superintendents, and Executive Directors, reviews the requests and presents a proposed budget to the Board.
- d. After review and preliminary approval by the Board, the proposed budget is presented at a public hearing. Following the public hearing, the Board adopts the budget.

The budget amounts in the required supplementary information are as amended (if applicable) and approved by the Board. All appropriations lapse at the end of the fiscal year.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Deposits*

**Custodial Credit Risk for Deposits:** Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2017, none of the District's bank balances of approximately \$6,960,000 (which had a carrying value of approximately \$6,280,000) were exposed to custodial credit risk.

*Investments*

As of June 30, 2017, the District had the following investments:

Investment Type	Fair Value Level (1)	Credit Rating	Fair Value	Weighted Average Maturity
				Less than One Year
State Local Government Investment Pool	N/A	Unrated	\$ 57,979,952	\$ 57,979,952
Cash and Investments Held by County Treasurer *	N/A	Unrated	36,903,913	36,903,913
Total			<u>\$ 94,883,865</u>	<u>\$ 94,883,865</u>

\* The County Treasurer invests the monies it holds in trust for governmental entities in separate accounts with the Pool. For weighted average maturity ("WAM") purposes, we have included the WAM of the Pool.

(1) See Note I.C.12 for details of the District's fair value hierarchy.

N/A - Not Applicable

ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

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III. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

*Investments (Continued)*

**Interest Rate Risk:** The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

**Custodial Credit Risk for Investments:** Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2017, none of the District's investments were exposed to custodial credit risk.

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

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

B. Property Taxes Receivable, Other Receivables, and Unavailable/Unearned Revenues

York County, South Carolina (the "County") is responsible for levying and collecting sufficient property taxes to meet funding obligations for the District. This obligation is established each year by the Board and does not necessarily represent actual taxes levied or collected. The property taxes are considered both measurable and available for purposes of recognizing revenue and a receivable from the County at the time they are collected by the County.

Real Property taxes are levied on October 1 on the assessed valuations of property listed as of the preceding December 31 for all real and business personal property located in the District, and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 15 of the following year, and property taxes attach as an enforceable lien if not paid by March 16 of the following year. Penalties are added to taxes depending on the date paid as follows:

January 16-February 1	3% of tax
February 2-March 15	10% of tax
After March 15	15 % of tax plus collection costs

Motor vehicle taxes are levied on the first day of the month in which the motor vehicle license expires and are due by the end of the month.

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.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

**B. Property Taxes Receivable, Other Receivables, and Unavailable/Unearned Revenues (Continued)**

For the year ended June 30, 2017, millage for property taxes was set at 147.4 mills (no change from the prior year) to cover the District's general operations. The millage to cover the District's scheduled debt service requirements was set at 52.0 mills (no change from the prior year). In addition, the District receives a prorated share, based on pupil attendance, of the County-wide 29 mill levy for school operations that is divided between the four school districts within the County, and an additional County-wide special 1 mill levy for school operation for the school district having the lowest assessed valuation in the County, which is York School District One.

Receivables for property taxes are reported net of the allowance for uncollectible accounts. Taxes receivable of approximately \$7,677,000 in the General Fund and approximately \$2,532,000 in the Debt Service Fund are reported net of an allowance for uncollectible amounts of approximately \$499,000 and \$169,000, respectively. Allowances for uncollectible amounts were not necessary for the other receivable accounts.

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 (unavailable revenues). Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenues). At June 30, 2017, unavailable revenue related to property taxes reported in the governmental funds totaled approximately \$7,390,000 and \$2,390,000 in the General Fund and Debt Service Fund, respectively. Unearned revenues in the special revenue funds totaled approximately \$2,750,000 at June 30, 2017.

Intergovernmental receivables at June 30, 2017 consisted of intergovernmental grants and reimbursements. 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 at June 30, 2017 were as follows:

Due from Federal Government:	
Special Revenue - Food Service Fund	\$ 7,508
Special Revenue Fund	1,413,858
Total Due from Federal Government	<u>1,421,366</u>
Due from State Agencies:	
General Fund	2,330
Special Revenue Fund	223,653
Special Revenue - Education Improvement Act Fund	93,454
Total Due from State Agencies	<u>319,437</u>
Total Intergovernmental Receivables	<u>\$ 1,740,803</u>

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

**C. Capital Assets**

Capital asset activity for the District for the year ended June 30, 2017, was as follows:

	Restated Beginning Balance *	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 10,398,437	-	(439,919)	-	\$ 9,958,518
Construction in Progress	3,366,328	22,202,641	-	(2,267,662)	23,301,307
Total Capital Assets, Not Being Depreciated	13,764,765	22,202,641	(439,919)	(2,267,662)	33,259,825
Capital Assets, Being Depreciated:					
Buildings and Improvements	333,965,889	474,526	(3,796,696)	1,173,682	331,817,401
Furniture and Equipment	17,641,978	2,589,293	(1,020,079)	1,093,980	20,305,172
Total Capital Assets Being Depreciated	351,607,867	3,063,819	(4,816,775)	2,267,662	352,122,573
Less: Accumulated Depreciation For:					
Buildings and Improvements	116,955,189	7,999,364	(1,811,156)	-	123,143,397
Furniture and Equipment	12,877,996	1,580,212	(995,796)	-	13,462,412
Total Accumulated Depreciation	129,833,185	9,579,576	(2,806,952)	-	136,605,809
Total Capital Assets, Being Depreciated, Net	221,774,682	(6,515,757)	(2,009,823)	2,267,662	215,516,764
Total Governmental Activities Capital Assets, Net	\$ 235,539,447	15,686,884	(2,449,742)	-	\$ 248,776,589

\* The furniture and equipment beginning balances have been restated to include the food service capital assets of approximately \$743,000, which were reclassified from business-type activities to governmental activities. See Note I.B for more information.

Capital asset additions and depreciation expense were charged to functions/programs of the District as follows:

	Capital Asset Additions	Depreciation Expense
Instruction	\$ -	\$ 5,566,157
Support Services	25,266,460	4,013,419
Total Charged to Governmental Activities	\$ 25,266,460	\$ 9,579,576

The District has outstanding commitments related to construction activities totaling approximately \$56,380,000 at June 30, 2017.



**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

**D. Long-Term Obligations**

A summary of changes in long-term obligations for the year ended June 30, 2017 is as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds and Bond Anticipation Notes:					
Series 2007 GOB	\$ 175,000	-	175,000	-	\$ -
Series 2009A GOB *	15,500,000	-	13,460,000	2,040,000	1,000,000
Series 2010B GOB *	4,725,000	-	4,725,000	-	-
Series 2012 GOB	2,499,000	-	2,499,000	-	-
Series 2013A GOB	2,912,000	-	2,912,000	-	-
Series 2014A GOB *	15,005,000	-	1,535,000	13,470,000	1,235,000
Series 2014B GOB	4,455,000	-	1,955,000	2,500,000	2,500,000
Series 2015A GORB *	53,810,000	-	-	53,810,000	2,170,000
Series 2015 BAN *	30,000,000	-	30,000,000	-	-
Series 2016 BAN *	-	50,000,000	-	50,000,000	50,000,000
Series 2016C GORB *	-	11,665,000	-	11,665,000	-
Total Bonds and Bond Anticipation Notes	<u>129,081,000</u>	<u>61,665,000</u>	<u>57,261,000</u>	<u>133,485,000</u>	<u>56,905,000</u>
2016 Note Payable *	-	3,525,000	-	3,525,000	480,000
Gross Debt	<u>129,081,000</u>	<u>65,190,000</u>	<u>57,261,000</u>	<u>137,010,000</u>	<u>57,385,000</u>
Unamortized Bond Premiums	<u>6,012,843</u>	<u>-</u>	<u>1,100,336</u>	<u>4,912,507</u>	<u>-</u>
Net Debt	<u>135,093,843</u>	<u>65,190,000</u>	<u>58,361,336</u>	<u>141,922,507</u>	<u>57,385,000</u>
2006 Capital Lease Obligation	6,319,493	-	6,319,493	-	-
Compensated Absences	496,133	736,666	567,031	665,768	665,768
Total Governmental Activities	<u>\$ 141,909,469</u>	<u>65,926,666</u>	<u>65,247,860</u>	<u>142,588,275</u>	<u>\$ 58,050,768</u>

\* This debt issue is not subject to the District's 8% debt limit.

Compensated absences are paid from the fund where the employee's salary is paid. General obligation and note payable debt is paid from the Debt Service Fund. Capital lease obligations are paid from the General Fund.

Long-term general obligation bonds and bond anticipation notes consist of the following at June 30, 2017:

<b>Date/Description of Issue</b>	<b>Interest Rate</b>	<b>Payment Dates</b>	<b>Maturity</b>	<b>Original Issue Amount</b>	<b>Outstanding Balance</b>
September 23, 2009 - Series 2009A	2.00 - 5.00%	Mar./Sept.	2029	\$ 19,000,000	\$ 2,040,000
February 19, 2014 - Series 2014A	2.00 - 5.00%	Mar./Sept.	2025	16,170,000	13,470,000
October 29, 2014 - Series 2014B	5.00%	Mar./Sept.	2018	5,000,000	2,500,000
March 12, 2015 - Series 2015A	3.00 - 5.00%	Mar./Sept.	2032	53,810,000	53,810,000
September 29, 2016 - Series 2016	3.00%	Sept.	2017	50,000,000	50,000,000
September 29, 2016 - Series 2016C	2.00-5.00%	Mar./Sept.	2029	11,665,000	11,665,000
Total Long-Term General Obligation Bonds and Bond Anticipation Notes				<u>\$ 155,645,000</u>	<u>\$ 133,485,000</u>

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

**D. Long-Term Obligations (Continued)**

In September 2006, the District entered into an agreement to finance the purchase of certain energy management equipment ("2006 Capital Lease"), accounting for this arrangement as a capital lease. The agreement required principal payments at the beginning of the year totaling approximately \$6,319,493 to be paid over the term of the lease at an interest rate of 3.98%. This lease was refunded in December 2016 with \$2,500,000 in cash along with funds obtained from the Equipment Acquisition, Use and Security Agreement (see following note for details).

In December 2016, the District entered into an Equipment Acquisition and Use Agreement ("2016 Note Payable") in the amount of \$3,525,000 with a financial institution. Principal and interest (at 1.855%) are due on an annual basis beginning on December 1 2017 and continuing through December 1, 2023. The District will pay principal payments ranging from \$480,000 to \$531,000 over the term of the 2016 Note Payable. The District used the proceeds and a \$2,500,000 cash contribution from the General Fund less issuance costs of approximately \$40,000 to current refund the 2006 Capital Lease (as noted above) and to pay issuance costs of approximately \$40,000. The current refunding decreased total future debt service payments by approximately \$584,000 due to a lower interest rate and resulted in an economic gain of approximately \$415,000.

In September 2016, the District issued the Series 2016C General Obligation Advanced Refunding Bonds ("Series 2016C GORB") for \$11,665,000 and used these proceeds, and a bond premium of approximately \$1,876,000, to advance refund \$12,510,000 of the Series 2009 General Obligation Bonds ("Series 2009A GOB") and to pay the cost of issuance of approximately \$132,000. As a result, \$12,510,000 of the Series 2009A are considered defeased through March 2019. Accordingly, the liability for the refunded bonds was removed from the governmental activities column of the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by approximately \$624,000. The bond premium on the Series 2016C and the deferred loss on refunding of the Series 2009A were not considered significant and thus were netted and recognized immediately as a period expense in the government-wide financial statements. The advanced refunding decreased total future debt service payments by approximately \$1,057,000 due to a lower interest rate and resulted in an economic gain of approximately \$923,000.

In September 2016, the District issued \$50,000,000 in Series 2016 General Obligation Bond Anticipation Notes ("Series 2016 BAN") to pay off the Series 2015 General Obligation BAN for capital improvements. Principal and interest (at 3.00%) are due in July 2017. This short-term obligation was not recorded as a fund liability as it was expected and was ultimately refinanced in September 2017 (see Note IV.I for more details).

The following table represents debt service requirements on all outstanding long-term indebtedness through maturity for the District as of June 30, 2017:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 57,385,000	4,915,491	\$ 62,300,491
2019	6,015,000	3,076,060	9,091,060
2020	5,763,000	2,828,513	8,591,513
2021	6,023,000	2,589,268	8,612,268
2022	6,297,000	2,303,937	8,600,937
2023-2027	30,922,000	7,437,340	38,359,340
2028-2032	24,605,000	2,285,875	26,890,875
Totals	<u>\$ 137,010,000</u>	<u>25,436,484</u>	<u>\$ 162,446,484</u>

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

**D. Long-Term Obligations (Continued)**

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, 2017, there were no amounts outstanding for arbitrage rebates.

Bonded indebtedness existing on November 30, 1982, and bonded indebtedness authorized by a majority vote of the qualified electors of the District voting in a referendum will not be considered in the computation of the 8% limitation. The District had approximately \$1,600,000 in outstanding bonded indebtedness that was subject to the 8% debt limit of approximately \$38,588,000 at June 30, 2017; the remaining debt margin available to the District was approximately \$36,988,000 as of June 30, 2017.

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.

**E. Short-Term Obligations**

The following is a summary of the changes in the District's short-term obligations for the year ended June 30, 2017:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Series 2016A GOB	\$ -	7,000,000	7,000,000	\$ -
Series 2016B GOB	-	5,000,000	5,000,000	-
Series 2017A GOB	-	1,600,000	-	1,600,000
Total Governmental Activities	<u>\$ -</u>	<u>13,600,000</u>	<u>12,000,000</u>	<u>\$ 1,600,000</u>

The District issued a short-term Series 2016A General Obligation Bond ("Series 2016A GOB") in September 2016 for approximately \$7,000,000 with an interest rate of 1.50%. The Series 2016A GOB was issued to fund capital needs. The bond plus interest of approximately \$47,000 was repaid in March 2017.

The District issued a short-term Series 2016B General Obligation Bond ("Series 2016B GOB") in September 2016 for approximately \$5,000,000 with an interest rate of 2.0%. The Series 2016B GOB was issued to fund capital needs. The bond plus interest of approximately \$44,000 was repaid in March 2017.

The District issued a short-term Series 2017A General Obligation Bond ("Series 2017A GOB") in May 2017 for approximately \$1,600,000 with an interest rate of 3.0%. The Series 2017A GOB was issued to fund capital needs. The bond plus interest of approximately \$38,000 is scheduled to be paid in March 2018.

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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

**F. Interfund Receivables/Payables**

All cash activities are recorded in the General Fund, and as a result, receivable and payables exist at year end that are either due to or due from the General Fund in the other funds. Various differences include Special Revenue payments not received from the State Department of Education until after the fiscal year ended, fringe amounts paid by the General Fund for the Food Service Fund, taxes receivable for Debt Service Fund, and building project costs.

Interfund receivables and payables at June 30, 2017, all of which are expected to be repaid within one year, are summarized as follows:

	Receivables	Payables
<u>Governmental Funds:</u>		
General Fund	\$ 17,525,817	\$ 6,551,112
Special Revenue Fund	565,101	-
Special Revenue - EIA Fund	1,676,769	-
Debt Service Fund	648,217	-
Capital Projects Fund	-	18,090,918
Special Revenue - Food Service Fund	4,226,126	-
Totals	<u>\$ 24,642,030</u>	<u>\$ 24,642,030</u>

**G. Transfers In/Out**

During the course of normal operations, the 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 to the Capital Projects Fund 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.

Transfers between funds for the year ended June 30, 2017, consisted of the following:

	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
General Fund	\$ 4,652,957	\$ 2,774,661
Special Projects Fund	-	317,770
Special Revenue - EIA Fund	-	4,046,786
Debt Service Fund	2,500,000	13,600,000
Capital Projects Fund	13,600,000	-
Special Revenue - Food Service Fund	274,661	288,401
Totals	<u>\$ 21,027,618</u>	<u>\$ 21,027,618</u>

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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**IV. OTHER INFORMATION**

**A. Retirement Plans**

The District participates in the State of South Carolina's retirement plan, which is administered by the South Carolina Public Employee Benefit Authority ("PEBA"), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors ("PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems ("Systems") and serves as a co-trustee of the Systems in conducting that review.

The PEBA issues a Comprehensive Annual Financial Report ("CAFR") containing financial statements and required supplementary information for the System's Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

*Plan Description*

The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program ("ORP") is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

The South Carolina Police Officers Retirement System ("PORS"), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

*Plan Membership*

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Membership (Continued)*

- State ORP - As an alternative to membership in the SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as the SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to the SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by the SCRS.
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

*Plan Benefits*

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Benefits (Continued)*

- **PORS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

*Plan Contributions*

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS ("Plans") employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

As noted earlier, both employees and the District are required to contribute to the Plans at rates established and as amended by the PEBA. The District's contributions are actuarially determined but are communicated to and paid by the District as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past three years are as follows:

	SCRS and State ORP Rates			PORS Rates		
	2015	2016	2017	2015	2016	2017
Employer Rate: <sup>^</sup>						
Retirement *	10.75%	10.91%	11.41%	13.01%	13.34%	13.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>10.90%</u>	<u>11.06%</u>	<u>11.56%</u>	<u>13.41%</u>	<u>13.74%</u>	<u>14.24%</u>
Employee Rate	<u>8.00%</u>	<u>8.16%</u>	<u>8.66%</u>	<u>8.41%</u>	<u>8.74%</u>	<u>9.24%</u>

<sup>^</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

\* Of the rate for the State ORP Plan, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Contributions (Continued)*

The required contributions and percentages of amounts contributed by the District to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		State ORP Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed	Required	% Contributed
2017	\$ 10,491,438	100%	\$ 747,363	100%	\$ 9,735	100%
2016	9,673,274	100%	651,705	100%	9,034	100%
2015	\$ 9,629,243	100%	\$ 616,327	100%	\$ 8,822	100%

Eligible payrolls of the District covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	State ORP Payroll	PORS Payroll	Total Payroll
2017	\$ 93,756,383	11,392,726	68,365	\$ 105,217,474
2016	87,461,787	10,754,202	65,753	98,281,742
2015	\$ 88,341,683	10,446,227	65,785	\$ 98,853,695

*Actuarial Assumptions and Methods*

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires than an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. As a result of the experience study, the actuary recommended adjustments to the actuarial assumptions, which included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. With the exception of the rate of return, all recommended assumption and method changes were adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The newly adopted assumptions and methods will be first used to perform the July 1, 2016 actuarial valuation, the results of which will be used in determining the total pension liability as of the June 30, 2017 measurement date.

The June 30, 2016 total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on the July 1, 2015 actuarial valuations as adopted by the PEBA Board and the SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the Plan's fiscal year ended June 30, 2016 using generally accepted actuarial principles. Information included in these notes are based on the certification provided by GRS.



**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Actuarial Assumptions and Methods (Continued)*

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2015, valuations for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.50%	7.50%
Projected Salary Increases*	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

\* Includes inflation at 2.75%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2015 valuations for the SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015 actuarial valuations, was based upon the 30 year capital market outlook at the end of the third quarter 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Long-Term Expected Rate of Return (Continued)*

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
<b>Global Equity</b>	<b>43.0%</b>		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
<b>Real Assets</b>	<b>8.0%</b>		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
<b>Opportunistic</b>	<b>20.0%</b>		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
<b>Diversified Credit</b>	<b>17.0%</b>		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions*

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2016 measurement date, for the SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 45,356,214,752	23,996,362,354	\$ 21,359,852,398	52.9%
PORS	\$ 6,412,510,458	3,876,035,732	\$ 2,536,474,726	60.4%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

At June 30, 2017, the District reported liabilities of approximately \$205,971,000 and \$131,000 for its proportionate share of the net pension liabilities for the SCRS and PORS, respectively. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2015 that was projected forward to the measurement date. The District's proportion of the net pension liabilities were based on a projection of the District's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2016 measurement date, the District's SCRS proportion was 0.964292 percent, which was a decrease of 0.038361 from its proportion measured as of June 30, 2015. At the June 30, 2016 measurement date, the District's PORS proportion was 0.00516 percent, which was a decrease of 0.00015 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of approximately \$15,643,000 and \$22,000 for the SCRS and PORS, respectively. At June 30, 2017, the District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>SCRS</b>		
Differences Between Expected and Actual Experience	\$ 2,135,135	\$ 223,686
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	17,328,808	-
Changes in Proportion and Differences Between the District's		
Contributions and Proportionate Share of Contributions	-	7,481,171
District's Contributions Subsequent to the Measurement Date	11,238,801	-
Total SCRS	<u>30,702,744</u>	<u>7,704,857</u>
<b>PORS</b>		
Differences Between Expected and Actual Experience	1,941	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	14,835	-
Changes in Proportion and Differences Between the District's		
Contributions and Proportionate Share of Contributions	22,707	2,525
District's Contributions Subsequent to the Measurement Date	9,735	-
Total PORS	<u>49,218</u>	<u>2,525</u>
Total SCRS and PORS	<u>\$ 30,751,962</u>	<u>\$ 7,707,382</u>

Approximately \$11,239,000 and \$10,000 that was reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date to the SCRS and PORS, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized as an increase (decrease) in pension expense as follows:

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)*

Year Ended June 30,	SCRS	PORS	Total
2018	\$ 2,080,948	11,209	\$ 2,092,157
2019	964,899	11,111	976,010
2020	5,017,400	11,710	5,029,110
2021	3,695,839	2,928	3,698,767
Total	<u>\$ 11,759,086</u>	<u>36,958</u>	<u>\$ 11,796,044</u>

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the District's proportionate share of the net pension liability of the Plans to changes in the discount rate, calculated using the discount rate of 7.50 percent, as well as what it would be if it were calculated using a discount rate that is 1.00 percent lower (6.50 percent) or 1.00 percent higher (8.50 percent) than the current rate:

System	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability of the SCRS	\$ 256,943,617	205,971,348	\$ 163,538,855
District's proportionate share of the net pension liability of the PORS	171,466	130,831	94,314
Total Net Pension Liability	<u>\$ 257,115,083</u>	<u>206,102,179</u>	<u>\$ 163,633,169</u>

*Plans Fiduciary Net Position*

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS and PORS. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

*Payable to Plans*

The District reported a payable of approximately \$2,054,000 to the PEBA as of June 30, 2017, representing required employer and employee contributions for the month of June 2017 for the SCRS and PORS. This amount is included in Accrued Salaries, Fringe & Benefits on the financial statements and was paid in July 2017.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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**IV. OTHER INFORMATION (CONTINUED)**

**A. Retirement Plans (Continued)**

*Plan Developments*

House Bill 3726 was signed by the Governor of the State on April 25, 2017 and is effective immediately. This new law increases the employer SCRS and PORS contribution rates to 13.56% and 16.24%, respectively, beginning July 1, 2017. Employer rates will continue to increase annually by 1% through July 1, 2022, which would result in the SCRS and PORS employer rate totaling 18.56% and 21.24%, respectively, for fiscal year 2023 and thereafter. The legislation (a) would also increase and cap the employee SCRS and PORS contribution rates to 9.00% and 9.75%, respectively, provides, after June 30, 2027, for a decrease in employer and employee contribution rates in equal amounts if the ratio between the actuarial value of assets and the actuarial value of liabilities is equal to or greater than 85%, (b) lower the assumed annual rate of return on pension investments from 7.50% to 7.25%, and (c) for some years reduce the funding period of unfunded liabilities from 30 years to 20 years.

**B. Other Postemployment Benefits**

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State of South Carolina ("State") provides health, dental, and long-term disability benefits ("OPEB Plan") to retired State and school district employees and their covered dependents. The OPEB plans have been determined to be cost-sharing multiple-employer defined benefit plans and are administered by the Employee Insurance Program ("EIP"), a part of the State of South Carolina.

Generally, retirees are eligible for the health and dental benefits if they have established 10 years of retirement service credit. For new hires on or after May 2, 2008, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 – 24 years of service for 50% employer funding. Benefits become effective when the former employee retirees under a state retirement system (i.e. SCRS, PORS, etc.). Basic long-term disability ("BLTD") benefits are provided to active state, school district and participating local government employees approved for disability. Complete financial statements for the OPEB plans may be obtained by writing to the PEBA Retirement Benefits and Insurance Benefits, 202 Arbor Lake Drive, Suite 360, Columbia, SC 29223.

The Code of Laws of the State, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriation by the General Assembly for active employees to the EIP and participating retirees to the SBCB except for the portion funded through the pension surcharge (retiree surcharge) who are not funded by State General Fund appropriations. Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The District has no liability beyond the payment of monthly contributions.

The required employer contribution surcharge percentages were 5.33%, 5.33%, and 5.00% for the years ended June 30, 2017, 2016, and 2015, respectively. The actual required employer contribution surcharge amounts were approximately \$5,448,000, \$5,238,000, and \$4,943,000 for the years ended June 30, 2017, 2016, and 2015, respectively. The actual contribution rates and amounts were 100% of the required employer contribution surcharge percentages and amounts for the OPEB Plan for all years presented.

**C. Deferred Compensation/Salary Deferral Plan**

The 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 approximately \$545,000 for the year ended June 30, 2017.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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**IV. OTHER INFORMATION (CONTINUED)**

**D. Risk Management**

The District is exposed to various risks of loss related to torts, theft of damage to, and destruction of assets, errors or omissions, injuries to employees, and natural disasters for which the District carries commercial insurance. During the year ended June 30, 2017, the District obtained general liability, workers' compensation, and property insurance through the South Carolina Boards Insurance Trust (the "Trust") which represents South Carolina school districts joined together in a public entity risk pool. The 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 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 District pays monthly premiums based on participating employees.

The 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.

**E. Operating Lease**

The District entered into a non-cancellable operating lease for office equipment in August 2013. The lease requires a minimum monthly payment of approximately \$18,000 for a term of 60 months expiring in September 2018. This new lease replaces the existing lease that the District had in place during 2013 which was under similar terms. Lease payments for the year ended June 30, 2017 were approximately \$213,000. The new lease expires in September 2018, and the remaining commitments under this agreement are approximately \$249,000.

**F. Contingencies**

Amounts received for 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 District expects such amounts, if any, to be immaterial.

The District is a defendant in lawsuits arising in the normal course of business. It is the opinion of the 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 District's financial position.

**G. Tax Abatements**

*District's Tax Abatements*

The District does not have any of its own tax abatement agreements.

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**IV. OTHER INFORMATION (CONTINUED)**

**G. Tax Abatements (Continued)**

*York County Tax Abatements*

The following table details which entities in the District have received tax abatements in the year ended June 30, 2017, as well as the District's portion of the County-wide taxes that have been abated:

Entity	Taxes Abated
3D Systems Inc.	\$ 13,185
Atotech USA Inc.	157,147
Beacon 11 LLC	694
Bradman Lake Inc.	2,624
Composite Resources Inc.	21,577
Core Autosport LLC	3,693
Coroplast Tape Corporation	173,372
Exel Inc.	35,848
Hartmann USA Inc.	80,150
Lexington Corporate Properties Inc.	4,493
Lexington Realty Trust % Riverwalk	195,215
McKesson Medical Surgical Inc.	134,820
Oerlikon Balzers Coating USA	67,880
PFG Customized South Carolina	52,036
Physicians Choice Laboratory	87,473
Possehl Connector Services SC	27,656
Pulcra Chemicals LLC	18,018
Resolute FP US Inc (Bowater)	796,289
Retford Investments LLC	27,693
Riverwalk Commerce LLC	2,589
Ross Dress For Less Inc	966,919
Select Income REIT	19,028
Southcross Owner LLC	4,093
Transaxle Manufacturing of	182,277
Tyco Electronics Corporation	415,436
Winbro Group Technologies LLC	72,013
Workspace Resources LLC	66,853
District's Portion of County-wide Abatements	443,231
Total Tax Abatements	<u>\$ 4,072,302</u>

**H. Pending Implementation of GASB Statement on OPEB**

GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB #75"), which was issued by the GASB in June 2015, is required to be implemented by the District for the year ended June 30, 2018. The primary objective of GASB #75 is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by state and local government employers about financial support for OPEB that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net OPEB liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the District's financial obligations to current and former employees for past services rendered.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

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**IV. OTHER INFORMATION (CONTINUED)**

**H. Pending Implementation of GASB Statement on OPEB (Continued)**

In particular, GASB #75 will require the District to recognize a net OPEB liability (and related deferred outflows and inflows of resources) for its participation in the State Health Plan on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. It is anticipated that its implementation will not have a significant impact on the District's governmental funds.

The District has been in communications with the PEBA on the effect of implementing this Statement. Based on recent information provided by the PEBA, it is anticipated that the District's proportionate share of the net OPEB liability associated with the State Health Plan is expected to decrease its governmental activities' beginning net position for the year ended June 30, 2018 by approximately \$168,348,000 (estimated to be approximately 160% of the District's covered payroll). This estimate is preliminary and is subject to change when final information becomes available.

**I. Subsequent Events**

In July 2017, the District received three pieces of property valued at approximately \$2,574,000 in settlement of its claim/judgment with the Catawba Indian Nation.

In July 2017, the District issued its Series 2017B General Obligation Bonds in the amount of \$110,000,000 to provide funds for capital improvements and to repay the Series 2016 General Obligation Bond Anticipation Notes. The District received a premium of approximately \$15,685,000 and incurred issuance costs of approximately \$671,000. The interest rate on these bonds range from 4.0% - 5.0%, with final maturity in March 2037.

In September 2017, the District issued its Series 2017C General Obligation Bonds in the amount of \$5,300,000 for capital improvements. The District received a premium of approximately \$52,000 and incurred issuance costs of approximately \$35,000. The interest rate on these bonds is 3.0% with a final maturity in March 2018.

In October 2017, the District was notified that a business had appealed their assessed values for the past two years and had won their appeal. The District will have to pay back approximately \$681,000 in prior years tax revenues that were received and the District will not receive approximately \$558,000 in tax revenue for the fiscal year 2018 that was previously budgeted.



# Required Supplementary Information

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**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL (BUDGETARY BASIS)</b>	<b>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Local Sources:				
Taxes	\$ 49,100,000	49,100,000	52,434,316	\$ 3,334,316
Investment Earnings	130,000	130,000	298,048	168,048
Other Local Sources	480,000	480,000	802,788	322,788
State Sources	92,900,000	92,900,000	92,581,622	(318,378)
<b>TOTAL REVENUES</b>	<b>142,610,000</b>	<b>142,610,000</b>	<b>146,116,774</b>	<b>3,506,774</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	87,327,997	87,327,997	84,958,933	2,369,064
Support Services	58,254,675	58,254,675	58,280,943	(26,268)
Community Services	148,145	148,145	172,864	(24,719)
Intergovernmental	405,000	405,000	392,779	12,221
Capital Outlay	15,183	15,183	6,515	8,668
Debt Service:				
Principal Retirement	600,000	600,000	334,959	265,041
Interest and Fiscal Charges	200,000	200,000	122,986	77,014
<b>TOTAL EXPENDITURES</b>	<b>146,951,000</b>	<b>146,951,000</b>	<b>144,269,979</b>	<b>2,681,021</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,341,000)</b>	<b>(4,341,000)</b>	<b>1,846,795</b>	<b>6,187,795</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the Sale of Capital Assets	41,000	41,000	14,075	(26,925)
Transfers In	4,500,000	4,500,000	4,652,957	152,957
Transfers Out	(200,000)	(200,000)	(2,774,661)	(2,574,661)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,341,000</b>	<b>4,341,000</b>	<b>1,892,371</b>	<b>(2,448,629)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>3,739,166</b>	<b>3,739,166</b>
FUND BALANCES, Beginning of Year	30,487,181	30,487,181	30,487,181	-
<b>FUND BALANCES, End of Year</b>	<b>\$ 30,487,181</b>	<b>30,487,181</b>	<b>34,226,347</b>	<b>\$ 3,739,166</b>

Note: This schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST FOUR FISCAL YEARS**

	Year Ended June 30,			
	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.964292%	1.002653%	1.024708%	1.024708%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 205,971,348	190,157,976	176,420,746	\$ 183,796,061
District's Covered Payroll	\$ 98,215,989	98,787,910	97,540,171	\$ 95,647,881
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	209.71%	192.49%	180.87%	192.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.91%	56.99%	59.92%	56.39%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
SOUTH CAROLINA RETIREMENT SYSTEM**

**LAST FOUR FISCAL YEARS**

	Year Ended June 30,			
	2017	2016	2015	2014
Contractually Required Contribution	\$ 11,238,801	10,324,978	10,245,571	\$ 9,860,741
Contributions in Relation to the Contractually Required Contribution	11,238,801	10,324,978	10,245,571	9,860,741
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
District Covered Payroll	\$ 105,149,109	98,215,989	98,787,910	\$ 97,540,171
Contributions as a Percentage of Covered Payroll:	10.69%	10.51%	10.37%	10.11%

**Notes to Schedule:**

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
POLICE OFFICERS RETIREMENT SYSTEM**

**LAST FOUR FISCAL YEARS**

	Year Ended June 30,			
	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.00516%	0.00531%	0.00344%	0.00344%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 130,831	115,731	65,875	\$ 71,331
District's Covered Payroll	\$ 65,753	65,785	41,065	\$ 24,781
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	198.97%	175.92%	160.42%	287.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.44%	64.57%	67.55%	62.98%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
POLICE OFFICERS RETIREMENT SYSTEM**

**LAST FOUR FISCAL YEARS**

	Year Ended June 30,			
	2017	2016	2015	2014
Contractually Required Contribution	\$ 9,735	9,034	8,822	\$ 5,273
Contributions in Relation to the Contractually Required Contribution	9,735	9,034	8,822	5,273
Contribution Deficiency (Excess)	\$ -	-	-	\$ -
District Covered Payroll	\$ 68,365	65,753	65,785	\$ 41,065
Contributions as a Percentage of Covered Payroll:	14.24%	13.74%	13.41%	12.84%

**Notes to Schedule:**

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

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# Supplementary Information

## Combining and Individual Fund Financial Schedules

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# 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 for 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**  
**ROCK HILL, SOUTH CAROLINA**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
<b>REVENUES</b>			
1000 Revenues from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 36,500,000	39,002,092	\$ 2,502,092
1140 Penalties & Interest on Taxes (Independent)	900,000	186,570	(713,430)
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	8,000,000	8,377,382	377,382
1240 Penalties & Interest on Taxes (Dependent)	200,000	7,653	(192,347)
1280 Revenue in Lieu of Taxes (Independent and Dependent)	3,500,000	4,860,619	1,360,619
1300 Tuition:			
1310 From Patrons for Regular Day School	5,000	6,636	1,636
1320 From Other LEAs for Regular Day School	-	94,570	94,570
1500 Earnings on Investments:			
1510 Interest on Investments	130,000	298,048	168,048
1900 Other Revenue from Local Sources:			
1910 Rentals	250,000	376,447	126,447
1950 Refund of Prior Year's Expenditures	-	6,098	6,098
1990 Miscellaneous Local Revenue:			
1999 Revenue from Other Local Sources	225,000	319,037	94,037
Total Revenue from Local Sources	<u>49,710,000</u>	<u>53,535,152</u>	<u>3,825,152</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	10,000	6,452	(3,548)
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	1,050,000	1,105,034	55,034
3162 Transportation Workers' Compensation	-	52,934	52,934
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	17,860,000	17,902,061	42,061
3181 Retiree Insurance (No Carryover Provision)	3,430,000	3,587,466	157,466
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	2,146,000	2,097,688	(48,312)
3312 Primary	6,500,000	6,152,676	(347,324)
3313 Elementary	10,165,404	9,944,179	(221,225)
3314 High School	4,010,000	4,030,762	20,762
3315 Trainable Mentally Handicapped	158,280	122,973	(35,307)
3316 Speech Handicapped (Part-Time Program)	2,192,000	2,325,900	133,900
3317 Homebound	\$ 40,000	30,734	\$ (9,266)

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 187,000	155,640	\$ (31,360)
3322 Educable Mentally Handicapped	97,300	107,544	10,244
3323 Learning Disabilities	4,179,632	4,157,939	(21,693)
3324 Hearing Handicapped	174,000	146,117	(27,883)
3325 Visually Handicapped	114,270	124,711	10,441
3326 Orthopedically Handicapped	72,090	47,831	(24,259)
3327 Vocational	4,950,000	5,057,997	107,997
3330 Other EFA Programs:			
3331 Autism	865,000	871,044	6,044
3332 High Achieving Students	684,024	676,281	(7,743)
3334 Limited English Proficiency	298,000	298,104	104
3350 Residential Treatment Facilities (RTF)			
3351 Academic Assistance	1,260,000	1,503,999	243,999
3352 Pupils in Poverty	4,200,000	4,138,945	(61,055)
3353 Dual Credit Enrollment	157,000	58,844	(98,156)
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	6,000,000	5,991,204	(8,796)
3820 Homestead Exemption (Tier 2)	1,700,000	1,710,186	10,186
3825 Reimbursement for Property Tax Relief (Tier 3)	18,600,000	18,323,091	(276,909)
3830 Merchant's Inventory Tax	300,000	221,539	(78,461)
3840 Manufacturers Depreciation Reimbursement	1,500,000	1,508,716	8,716
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	-	123,031	123,031
Total Revenue from State Sources	<u>92,900,000</u>	<u>92,581,622</u>	<u>(318,378)</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>142,610,000</u></b>	<b><u>146,116,774</u></b>	<b><u>3,506,774</u></b>
<b>EXPENDITURES</b>			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	4,142,485	4,324,271	(181,786)
200 Employee Benefits	1,952,637	1,754,185	198,452
300 Purchased Services	114,322	115,183	(861)
400 Supplies and Materials	57,635	56,132	1,503
112 Primary Programs:			
100 Salaries	11,245,096	10,751,845	493,251
200 Employee Benefits	4,623,777	4,125,373	498,404
300 Purchased Services	253,058	373,832	(120,774)
400 Supplies and Materials	241,314	227,674	13,640
500 Capital Outlay	\$ 5,912	4,515	\$ 1,397

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
113 Elementary Programs:			
100 Salaries	\$ 20,145,903	19,954,528	\$ 191,375
200 Employee Benefits	7,416,116	7,310,239	105,877
300 Purchased Services	432,709	533,315	(100,606)
400 Supplies and Materials	380,385	347,456	32,929
500 Capital Outlay	2,000	2,000	-
600 Other Objects	1,093	1,093	-
114 High School Programs:			
100 Salaries	13,031,592	13,051,383	(19,791)
200 Employee Benefits	5,245,808	4,816,922	428,886
300 Purchased Services	246,791	301,452	(54,661)
400 Supplies and Materials	395,038	363,772	31,266
600 Other Objects	3,151	3,151	-
115 Career and Technology Education Program:			
100 Salaries	2,124,225	2,166,557	(42,332)
200 Employee Benefits	838,888	795,663	43,225
300 Purchased Services - Other Than Tuition	51,047	56,612	(5,565)
400 Supplies and Materials	118,044	102,706	15,338
500 Capital Outlay	5,500	-	5,500
600 Other Objects	1,743	780	963
118 Montessori Programs:			
100 Salaries	693,013	674,798	18,215
200 Employee Benefits	302,072	250,782	51,290
300 Purchased Services	843	4,450	(3,607)
400 Supplies and Materials	8,745	7,498	1,247
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	855,184	993,053	(137,869)
200 Employee Benefits	441,394	416,514	24,880
300 Purchased Services	20,441	20,538	(97)
400 Supplies and Materials	1,852	1,847	5
122 Trainable Mentally Handicapped:			
100 Salaries	417,307	354,013	63,294
200 Employee Benefits	228,477	146,813	81,664
300 Purchased Services	21,476	21,801	(325)
400 Supplies and Materials	2,355	2,375	(20)
123 Orthopedically Handicapped:			
100 Salaries	45,695	15,190	30,505
200 Employee Benefits	25,880	14,793	11,087
300 Purchased Services	679	679	-
124 Visually Handicapped:			
100 Salaries	109,024	109,024	-
200 Employee Benefits	44,220	43,999	221
300 Purchased Services	\$ 400	264	\$ 136

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
125 Hearing Handicapped:			
100 Salaries	\$ 344,148	342,061	\$ 2,087
200 Employee Benefits	166,923	117,023	49,900
300 Purchased Services	7,990	19,800	(11,810)
400 Supplies and Materials	-	10,565	(10,565)
126 Speech Handicapped:			
100 Salaries	794,685	847,922	(53,237)
200 Employee Benefits	304,949	315,071	(10,122)
300 Purchased Services	-	645	(645)
400 Supplies and Materials	3,964	3,853	111
127 Learning Disabilities:			
100 Salaries	3,838,704	3,828,286	10,418
200 Employee Benefits	1,586,023	1,418,501	167,522
300 Purchased Services	48,457	49,031	(574)
400 Supplies and Materials	50,925	51,070	(145)
128 Emotionally Handicapped:			
100 Salaries	320,998	323,083	(2,085)
200 Employee Benefits	134,146	132,336	1,810
300 Purchased Services	14,211	14,287	(76)
400 Supplies and Materials	1,736	1,627	109
130 Pre-School Programs:			
133 Pre-School Handicapped-Self-Contained (5-Yr. Olds)			
100 Salaries	419,791	200,117	219,674
200 Employee Benefits	185,073	79,761	105,312
300 Purchased Services	4,425	4,425	-
400 Supplies and Materials	1,700	1,452	248
137 Pre-School Handicapped-Self-Contained (3 & 4-Yr. Olds)			
100 Salaries	249,830	246,570	3,260
200 Employee Benefits	121,863	111,140	10,723
300 Purchased Services	14,300	19,605	(5,305)
400 Supplies and Materials	-	2,851	(2,851)
139 Early Childhood Programs:			
100 Salaries	237,494	237,201	293
200 Employee Benefits	113,651	86,880	26,771
300 Purchased Services	11,361	11,361	-
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	477,103	446,081	31,022
200 Employee Benefits	200,768	153,618	47,150
400 Supplies and Materials	6,928	4,756	2,172
143 Advanced Placement:			
400 Supplies and Materials	57,529	57,207	322
145 Homebound:			
100 Salaries	200,000	144,023	55,977
200 Employee Benefits	51,060	34,878	16,182
300 Purchased Services	\$ 8,400	41,452	\$ (33,052)

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
148 Gifted and Talented - Artistic:			
300 Purchased Services	\$ 66,000	63,606	\$ 2,394
400 Supplies and Materials	9,000	8,852	148
149 Other Special Programs:			
100 Salaries	109,231	109,231	-
200 Employee Benefits	45,483	36,507	8,976
300 Purchased Services	1,274	1,274	-
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	330,662	180,679	149,983
200 Employee Benefits	159,904	74,642	85,262
300 Purchased Services	1,271	2,121	(850)
400 Supplies and Materials	500	715	(215)
170 Summer School Programs:			
172 Elementary Summer School:			
100 Salaries	-	7,611	(7,611)
200 Employee Benefits	-	1,956	(1,956)
173 High School Summer School:			
100 Salaries	-	17,154	(17,154)
200 Employee Benefits	-	4,582	(4,582)
175 Instructional Programs Beyond Regular School Day:			
100 Salaries	-	898	(898)
200 Employee Benefits	-	219	(219)
180 Adult/Continuing Educational Programs:			
181 Adult Basic Education Programs:			
100 Salaries	82,965	82,965	-
200 Employee Benefits	32,697	32,455	242
300 Purchased Services	780	359	421
400 Supplies and Materials	5,634	4,561	1,073
600 Other Objects	556	536	20
187 Adult Education - Remedial:			
100 Salaries	10,488	10,488	-
200 Employee Benefits	3,874	3,868	6
188 Parenting/Family Literacy:			
100 Salaries	127,773	219,202	(91,429)
200 Employee Benefits	58,255	98,939	(40,684)
300 Purchased Services	10,600	17,249	(6,649)
400 Supplies and Materials	10,001	7,170	2,831
Total Instruction	<u>\$ 87,341,409</u>	<u>84,965,448</u>	<u>\$ 2,375,961</u>

(Continued)



**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	\$ 788,715	842,132	\$ (53,417)
200 Employee Benefits	356,518	351,681	4,837
300 Purchased Services	12,231	11,231	1,000
400 Supplies and Materials	4,022	3,503	519
600 Other Objects	137	25	112
212 Guidance Services:			
100 Salaries	2,586,625	2,541,479	45,146
200 Employee Benefits	1,008,813	953,125	55,688
300 Purchased Services	9,392	8,884	508
400 Supplies and Materials	37,187	34,001	3,186
600 Other Objects	3,112	2,862	250
213 Health Services:			
100 Salaries	1,617,943	1,611,950	5,993
200 Employee Benefits	515,891	571,144	(55,253)
300 Purchased Services	123,236	241,744	(118,508)
400 Supplies and Materials	31,772	31,401	371
600 Other Objects	1,084	928	156
214 Psychological Services:			
100 Salaries	897,503	992,147	(94,644)
200 Employee Benefits	330,470	345,616	(15,146)
300 Purchased Services	18,023	18,889	(866)
400 Supplies and Materials	2,064	2,049	15
216 Vocational Placement Services:			
300 Purchased Services	51,427	49,909	1,518
400 Supplies and Materials	6,400	6,352	48
600 Other Objects	706	706	-
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	1,319,034	1,551,443	(232,409)
200 Employee Benefits	443,026	508,590	(65,564)
300 Purchased Services	427,870	399,337	28,533
400 Supplies and Materials	100,614	88,448	12,166
600 Other Objects	84,141	79,665	4,476
222 Library and Media Services:			
100 Salaries	1,543,686	1,533,738	9,948
200 Employee Benefits	611,740	570,891	40,849
300 Purchased Services	14,349	14,444	(95)
400 Supplies and Materials	140,734	140,126	608
600 Other Objects	\$ 50	50	\$ -

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
223 Supervision of Special Programs:			
100 Salaries	\$ 484,910	568,339	\$ (83,429)
140 Terminal Leave	-	3,298	(3,298)
200 Employee Benefits	183,757	204,542	(20,785)
300 Purchased Services	8,565	120,110	(111,545)
400 Supplies and Materials	65,259	74,358	(9,099)
600 Other Objects	250	326	(76)
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	363,621	417,759	(54,138)
140 Terminal Leave	-	1,495	(1,495)
200 Employee Benefits	136,576	145,875	(9,299)
300 Purchased Services	114,093	101,545	12,548
400 Supplies and Materials	210	209	1
600 Other Objects	319	-	319
230 General Administrative Services:			
231 Board of Education:			
100 Salaries	51,600	51,000	600
200 Employee Benefits	63,173	28,505	34,668
300 Purchased Services	140,188	248,663	(108,475)
318 Audit Services	40,008	36,700	3,308
400 Supplies and Materials	1,900	743	1,157
600 Other Objects	6,500	57,921	(51,421)
232 Office of Superintendent:			
100 Salaries	290,986	429,726	(138,740)
200 Employee Benefits	100,682	107,974	(7,292)
300 Purchased Services	48,367	26,566	21,801
400 Supplies and Materials	7,792	3,451	4,341
600 Other Objects	73,450	45,502	27,948
233 School Administration:			
100 Salaries	7,706,918	7,620,481	86,437
140 Terminal Leave	-	2,248	(2,248)
200 Employee Benefits	3,018,713	2,813,725	204,988
300 Purchased Services	281,580	241,292	40,288
400 Supplies and Materials	326,870	310,457	16,413
600 Other Objects	22,751	21,270	1,481
250 Finance and Operations Services:			
251 Student Transportation (Federal/District Mandated):			
100 Salaries	-	57,392	(57,392)
200 Employee Benefits	-	14,217	(14,217)
300 Purchased Services	-	18,052	(18,052)
252 Fiscal Services:			
100 Salaries	538,371	509,140	29,231
180 Head of Organizational Unit Salaries	106,982	105,441	1,541
200 Employee Benefits	257,504	227,075	30,429
300 Purchased Services	60,861	46,952	13,909
400 Supplies and Materials	28,996	21,042	7,954
600 Other Objects	\$ 18,639	19,692	\$ (1,053)

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
254 Operation and Maintenance of Plant:			
100 Salaries	\$ 4,256,963	4,297,185	\$ (40,222)
140 Terminal Leave	-	9,146	(9,146)
200 Employee Benefits	1,913,833	1,717,182	196,651
300 Purchased Services	4,676,540	5,077,644	(401,104)
400 Supplies and Materials	5,658,164	5,540,417	117,747
600 Other Objects	6,000	5,340	660
255 Student Transportation (State Mandated):			
100 Salaries	3,414,280	3,282,630	131,650
200 Employee Benefits	1,413,566	1,286,205	127,361
300 Purchased Services	61,748	61,977	(229)
400 Supplies and Materials	27,263	27,273	(10)
600 Other Objects	1,563	1,563	-
257 Internal Services:			
100 Salaries	420,205	299,591	120,614
140 Terminal Leave	-	230	(230)
200 Employee Benefits	167,006	117,948	49,058
300 Purchased Services	470,221	331,568	138,653
400 Supplies and Materials	15,823	18,176	(2,353)
600 Other Objects	1,908	1,938	(30)
258 Security:			
100 Salaries	131,799	128,979	2,820
200 Employee Benefits	49,309	38,763	10,546
300 Purchased Services	252,191	269,895	(17,704)
400 Supplies and Materials	20,073	19,795	278
600 Other Objects	1,736	1,736	-
259 Internal Auditing Services:			
100 Salaries	-	5,039	(5,039)
200 Employee Benefits	-	1,651	(1,651)
260 Central Support Services:			
262 Planning, Research, Development and Evaluation:			
100 Salaries	45,904	43,213	2,691
180 Head of Organizational Unit Salaries	125,324	125,323	1
200 Employee Benefits	52,800	51,308	1,492
300 Purchased Services	204,919	120,573	84,346
400 Supplies and Materials	29,029	28,388	641
500 Capital Outlay	1,771	-	1,771
600 Other Objects	1,000	595	405
263 Information Services:			
100 Salaries	52,543	54,543	(2,000)
180 Head of Organizational Unit Salaries	83,285	83,285	-
200 Employee Benefits	48,018	43,643	4,375
300 Purchased Services	7,671	9,212	(1,541)
400 Supplies and Materials	4,638	6,665	(2,027)
600 Other Objects	\$ 16,414	13,290	\$ 3,124

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
264 Staff Services:			
100 Salaries	\$ 243,196	231,180	\$ 12,016
140 Terminal Leave	-	3,738	(3,738)
180 Head of Organizational Unit Salaries	204,173	163,041	41,132
200 Employee Benefits	159,165	145,570	13,595
300 Purchased Services	218,173	264,990	(46,817)
400 Supplies and Materials	20,755	20,951	(196)
600 Other Objects	1,065	1,065	-
266 Technology and Data Processing Services:			
100 Salaries	1,439,629	1,463,739	(24,110)
140 Terminal Leave	-	4,502	(4,502)
200 Employee Benefits	591,720	553,565	38,155
300 Purchased Services	1,528,966	1,553,991	(25,025)
400 Supplies and Materials	225,437	208,803	16,634
600 Other Objects	351	351	-
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	1,515,986	1,493,856	22,130
140 Terminal Leave	-	3,482	(3,482)
200 Employee Benefits (Optional)	430,559	393,079	37,480
300 Purchased Services (Optional)	57,899	117,163	(59,264)
400 Supplies and Materials (Optional)	216,771	214,593	2,178
600 Other Objects (Optional)	130,188	109,802	20,386
Total Support Services	<u>58,256,446</u>	<u>58,280,943</u>	<u>(24,497)</u>
300 Community Services:			
390 Other Community Services:			
100 Salaries	76,106	76,106	-
200 Employee Benefits	23,973	23,563	410
300 Purchased Services	28,830	53,946	(25,116)
400 Supplies and Materials	18,861	18,874	(13)
600 Other Objects	375	375	-
Total Community Services	<u>148,145</u>	<u>172,864</u>	<u>(24,719)</u>
400 Other Charges:			
410 Intergovernmental Expenditures:			
412 Payments to Other Governmental Units			
720 Transits	105,000	178,783	(73,783)
416 Payments to Public Charter Schools			
720 Transits	300,000	213,996	86,004
Total Intergovernmental Expenditures	<u>\$ 405,000</u>	<u>392,779</u>	<u>\$ 12,221</u>

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**GENERAL FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE</b>
500 Debt Service:			
610 Redemption of Principal	\$ 600,000	334,959	\$ 265,041
620 Interest	200,000	122,986	77,014
Total Debt Service	<u>800,000</u>	<u>457,945</u>	<u>342,055</u>
<b>TOTAL EXPENDITURES</b>	<b><u>146,951,000</u></b>	<b><u>144,269,979</u></b>	<b><u>2,681,021</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>			
5300 Proceeds from the Sale of Capital Assets	41,000	14,075	(26,925)
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	4,000,000	4,046,786	46,786
5280 Transfer from Other Funds Indirect Costs	500,000	606,171	106,171
423-710 Transfer to Debt Service Fund	-	(2,500,000)	(2,500,000)
425-710 Transfer to Food Service Fund	(200,000)	(274,661)	(74,661)
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,341,000</u>	<u>1,892,371</u>	<u>(2,448,629)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>3,739,166</b>	<b>3,739,166</b>
FUND BALANCES, Beginning of Year	<u>30,487,181</u>	<u>30,487,181</u>	<u>-</u>
<b>FUND BALANCES, End of Year</b>	<b><u>\$ 30,487,181</u></b>	<b><u>34,226,347</u></b>	<b><u>\$ 3,739,166</u></b>

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# **SPECIAL REVENUE FUNDS**

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

Special Revenue Fund (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 (“EIA”) – 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 Fund and the Special Revenue – EIA Fund have been prepared in the format mandated by the South Carolina 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**  
**ROCK HILL, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2017**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
<b>REVENUES</b>		
1000 Revenue from Local Sources:		
1300 Tuition:		
1310 Tuition from Patrons for Regular Day School	\$ -	-
1350 Tuition from Patrons for Summer School	-	-
1900 Other Revenue from Local Sources:		
1920 Contributions and Donations Private Sources	-	-
1930 Special Needs Transportation	-	-
1999 Revenue from Other Local Sources	-	-
Total Revenue from Local Sources	<u>-</u>	<u>-</u>
2000 Intergovernmental Revenue:		
2300 Payments from Non-Profit Entities (for First Steps)	-	-
Total Intergovernmental Revenue	<u>-</u>	<u>-</u>
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3118 EEDA Career Specialist	-	-
3120 General Education:		
3127 Student Health and Fitness - PE Teachers	-	-
3130 Special Programs:		
3135 Reading Coaches	-	-
3155 DSS SNAP & E&T Program	-	-
3156 Adult Education	-	-
3190 Miscellaneous Restricted State Grants:		
3193 Education License Plates	-	-
3199 Other Restricted State Grants	-	-
3600 Education Lottery Act Revenue:		
3630 K-12 Technology Initiative	-	-
Total Revenue from State Sources	<u>-</u>	<u>-</u>
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins Aid, Title I - Career and Technical Education - Basic Grants to States	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	3,758,395	-
4325 Mathematics and Science Partnerships Program, Title II (Carryover Provision)	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
4351 Improving Teacher Quality	\$ -	-



Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (243/292)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	258,386	\$ 258,386
-	-	-	-	7,517	7,517
-	-	2,869	-	52,121	54,990
-	-	-	-	629,096	629,096
-	-	-	-	2,813,460	2,813,460
-	-	2,869	-	3,760,580	3,763,449
-	-	-	-	525,682	525,682
-	-	-	-	525,682	525,682
-	-	-	891,830	-	891,830
-	-	-	151,091	-	151,091
-	-	-	985,973	-	985,973
-	-	-	10,171	-	10,171
-	-	-	68,269	-	68,269
-	-	-	2,846	-	2,846
-	-	-	-	17,485	17,485
-	-	-	806,354	-	806,354
-	-	-	2,916,534	17,485	2,934,019
-	216,422	-	-	-	216,422
-	-	-	-	291,393	4,049,788
-	-	-	-	167,607	167,607
-	-	-	-	68,036	68,036
-	-	-	-	436,915	\$ 436,915

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2017**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
4400 Adult Education:		
4410 Basic Adult Education	\$ -	-
4430 State Literacy Resource	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	3,286,590
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4900 Other Federal Sources:		
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>3,758,395</u>	<u>3,286,590</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>3,758,395</b></u>	<u><b>3,286,590</b></u>
<b>EXPENDITURES</b>		
100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	995,732	-
200 Employee Benefits	396,611	-
300 Purchased Services	67,034	-
400 Supplies and Materials	108,587	-
113 Elementary Programs:		
100 Salaries	84,884	-
200 Employee Benefits	32,441	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
114 High School Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
115 Career and Technology Education Program:		
300 Purchased Services - Other Than Tuition	-	-
400 Supplies and Materials	-	-
118 Montessori Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	4,779
200 Employee Benefits	-	1,769
300 Purchased Services	\$ -	544

<b>Preschool Handicapped (CG Projects) (205)</b>	<b>CATE (VA Projects) (207)</b>	<b>Adult Education (243/292)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	-	156,486	-	-	\$ 156,486
-	-	8,093	-	-	8,093
-	-	-	-	22,042	3,308,632
138,769	-	-	-	-	138,769
-	-	-	-	246,278	246,278
138,769	216,422	164,579	-	1,232,271	8,797,026
<b>138,769</b>	<b>216,422</b>	<b>167,448</b>	<b>2,916,534</b>	<b>5,536,018</b>	<b>16,020,176</b>
-	-	-	-	1,545	1,545
-	-	-	98,243	1,618,101	2,712,076
-	-	-	37,355	367,927	801,893
-	-	-	-	125,700	192,734
-	-	-	-	156,314	264,901
-	-	-	10,658	242,328	337,870
-	-	-	4,835	92,390	129,666
-	-	-	-	6,683	6,683
-	-	-	2,846	54,541	57,387
-	-	-	-	188,485	188,485
-	-	-	-	4,893	4,893
-	-	-	-	110	110
-	-	-	-	4,594	4,594
-	-	-	-	97	97
-	7,969	-	-	8,266	16,235
-	-	-	-	60,735	60,735
-	-	-	-	31,044	31,044
-	-	-	-	249	249
-	-	-	-	1,825	6,604
-	-	-	-	-	1,769
-	-	-	-	2,285	\$ 2,829

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2017**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
122 Trainable Mentally Handicapped:		
100 Salaries	\$ -	644,738
200 Employee Benefits	-	286,486
300 Purchased Services	-	-
400 Supplies and Materials	-	10,919
123 Orthopedically Handicapped:		
100 Salaries	-	41,217
200 Employee Benefits	-	20,873
300 Purchased Services	-	2,640
124 Visually Handicapped:		
100 Salaries	-	59,155
200 Employee Benefits	-	19,553
300 Purchased Services	-	1,760
125 Hearing Handicapped:		
100 Salaries	-	71,637
200 Employee Benefits	-	43,617
300 Purchased Services	-	142,974
400 Supplies and Materials	-	7,052
126 Speech Handicapped:		
100 Salaries	-	208,997
200 Employee Benefits	-	80,759
300 Purchased Services	-	48,034
400 Supplies and Materials	-	-
600 Other Objects	-	-
127 Learning Disabilities:		
100 Salaries	-	636,501
200 Employee Benefits	-	260,642
300 Purchased Services	-	3,207
400 Supplies and Materials	-	-
128 Emotionally Handicapped:		
100 Salaries	-	144,869
200 Employee Benefits	-	65,670
400 Supplies and Materials	-	-
130 Pre-School Programs:		
133 Pre-School Handicapped Self-Contained (5-Yr. Olds):		
400 Supplies and Materials	-	-
137 Pre-School Handicapped Self-Contained (3 & 4-Yr. Olds):		
100 Salaries	-	20,358
200 Employee Benefits	-	9,624
300 Purchased Services	-	173
400 Supplies and Materials	-	-
139 Early Childhood Programs:		
100 Salaries	374,765	-
200 Employee Benefits	143,827	-
300 Purchased Services	-	-
400 Supplies and Materials	\$ 15,173	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (243/292)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	1,784	\$ 646,522
-	-	-	-	473	286,959
-	-	-	-	400	400
-	-	-	-	8,599	19,518
-	-	-	-	-	41,217
-	-	-	-	-	20,873
-	-	-	-	-	2,640
-	-	-	-	-	59,155
-	-	-	-	-	19,553
-	-	-	-	-	1,760
-	-	-	-	832	72,469
-	-	-	-	1,530	45,147
-	-	-	-	2,943	145,917
-	-	-	-	263	7,315
-	-	-	-	-	208,997
-	-	-	-	-	80,759
-	-	-	-	-	48,034
-	-	-	-	220	220
-	-	-	-	3,600	3,600
-	-	-	-	-	636,501
-	-	-	-	-	260,642
-	-	-	-	-	3,207
-	-	-	-	1,348	1,348
-	-	-	-	-	144,869
-	-	-	-	-	65,670
-	-	-	-	520	520
-	-	-	-	2,500	2,500
76,839	-	-	-	6,122	103,319
37,162	-	-	-	1,511	48,297
3,014	-	-	-	-	3,187
16,186	-	-	-	-	16,186
-	-	-	-	57,976	432,741
-	-	-	-	27,736	171,563
-	-	-	-	2,642	2,642
-	-	-	-	1,285	\$ 16,458

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2017**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
140 Special Programs:		
145 Homebound:		
300 Purchased Services	\$ -	49,001
149 Other Special Programs:		
100 Salaries	-	18,071
200 Employee Benefits	-	4,594
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	44,971
200 Employee Benefits	-	22,539
300 Purchased Services	-	3,562
170 Summer School Programs:		
171 Primary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
172 Elementary Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
173 High School Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
175 Instructional Programs Beyond Regular School Day:		
100 Salaries	25,408	-
200 Employee Benefits	2,775	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
600 Other Objects	-	-
180 Adult/Continuing Educational Programs:		
181 Adult Basic Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
182 Adult Secondary Education Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
183 Adult English Literacy (ESL):		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (243/292)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	7,951	\$ 56,952
-	-	-	-	-	18,071
-	-	-	-	-	4,594
-	-	-	-	-	44,971
-	-	-	-	-	22,539
-	-	-	-	-	3,562
-	-	-	-	12,822	12,822
-	-	-	-	2,640	2,640
-	-	-	-	3,375	3,375
-	-	-	-	6,402	6,402
-	-	-	-	1,115	1,115
-	-	-	-	15,738	15,738
-	-	-	-	4,125	4,125
-	-	-	-	102,588	127,996
-	-	-	-	21,956	24,731
-	-	-	-	500	500
-	-	-	-	4,021	4,021
-	-	-	-	331	331
-	-	34,614	-	-	34,614
-	-	8,882	-	-	8,882
-	-	9,869	-	-	9,869
-	-	54,761	6,992	-	61,753
-	-	13,556	2,579	-	16,135
-	-	9,796	-	10,370	20,166
-	-	12,100	-	-	12,100
-	-	1,032	-	-	1,032
-	-	11,256	-	-	\$ 11,256

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2017**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
188 Parenting/Family Literacy:		
100 Salaries	\$ 116,507	-
200 Employee Benefits	59,828	-
300 Purchased Services	5,263	-
400 Supplies and Materials	25,926	-
Total Instruction	<u>2,454,761</u>	<u>2,981,285</u>
200 Support Services:		
210 Pupil Services:		
212 Guidance Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	282
400 Supplies and Materials	-	-
214 Psychological Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	285
215 Exceptional Program Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
216 Vocational Placement Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
222 Library and Media:		
300 Purchased Services	-	-
400 Supplies and Materials	\$ -	-



Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (243/292)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	96,076	\$ 212,583
-	-	-	-	39,733	99,561
-	-	-	-	284	5,547
-	-	-	-	729	26,655
133,201	7,969	155,866	163,508	3,421,152	9,317,742
-	121,358	-	653,946	-	775,304
-	43,740	-	237,884	-	281,624
-	500	-	-	6,427	6,927
-	2,163	-	-	161,022	163,185
-	184	-	-	60,248	60,432
-	-	-	-	270	552
-	-	-	-	78	78
-	-	-	-	32,510	32,510
-	-	-	-	11,012	11,012
-	-	-	-	1,981	2,266
-	-	-	-	50,154	50,154
-	-	-	-	17,332	17,332
-	-	-	-	437	437
-	-	-	-	39,540	39,540
-	-	-	-	11,862	11,862
-	-	-	-	2,255	2,255
-	-	-	-	1,198	1,198
-	-	-	-	118,320	118,320
-	-	-	-	44,971	44,971
-	-	-	-	13,650	13,650
-	-	-	-	1,000	1,000
-	-	-	-	7,045	\$ 7,045

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2017**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
223 Supervision of Special Programs:		
100 Salaries	\$ 113,527	102,198
200 Employee Benefits	44,732	26,130
300 Purchased Services	106,999	1,784
400 Supplies and Materials	2,734	20,309
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	611,831	-
140 Terminal Leave	2,787	-
200 Employee Benefits	201,251	-
300 Purchased Services	17,254	24,416
400 Supplies and Materials	51,721	-
230 General Administration Services:		
233 School Administration:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
100 Salaries	-	-
200 Employee Benefits	-	-
600 Other Objects	-	-
252 Fiscal Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
254 Operation and Maintenance of Plant:		
300 Purchased Services	-	-
255 Student Transportation (State Mandated):		
300 Purchased Services	-	-
258 Security:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
260 Central Support Services:		
266 Technology and Data Processing Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Adult Education (243/292)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	189,713	\$ 405,438
-	10,301	-	-	75,956	157,119
-	-	4,500	600	812	114,695
-	-	1,925	-	-	24,968
-	-	-	747,728	76,544	1,436,103
-	-	-	-	-	2,787
-	-	-	306,119	19,414	526,784
-	6,986	-	394	184,611	233,661
-	-	-	-	4,847	56,568
-	-	-	-	357	357
-	-	-	-	91	91
-	-	-	-	11,819	11,819
-	-	-	-	5,298	5,298
-	-	-	-	13,407	13,407
-	-	-	-	2,837	2,837
-	-	-	-	2,460	2,460
-	-	-	-	21,089	21,089
-	-	-	-	8,716	8,716
-	-	-	-	523	523
-	-	-	-	4,842	4,842
-	-	-	-	13,572	13,572
-	-	-	-	18,428	18,428
-	-	-	83,040	23,920	106,960
-	-	-	666,701	-	666,701
-	-	-	56,614	-	\$ 56,614

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**YEAR ENDED JUNE 30, 2017**

	<b>Title I (BA Projects) (201)</b>	<b>IDEA (CA Projects) (203)</b>
270 Support Services - Pupil Activity:		
271 Pupil Services Activities:		
100 Salaries (Optional)	\$ -	-
200 Employee Benefits (Optional)	-	-
300 Purchased Services (Optional)	-	-
400 Supplies and Materials (Optional)	-	-
600 Other Objects (Optional)	-	-
Total Support Services	<u>1,152,836</u>	<u>175,404</u>
300 Community Services:		
360 Welfare Services:		
400 Supplies and Materials	-	-
370 Non-Public School Services:		
300 Purchased Services	-	-
390 Other Community Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
600 Other Objects	-	-
Total Community Services	<u>-</u>	<u>-</u>
410 Intergovernmental Expenditures:		
411 Payments to SDE		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u><b>3,607,597</b></u>	<u><b>3,156,689</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Interfund Transfers, From (To) Other Funds:		
431-791 Special Revenue Fund Indirect Costs		
(Use Only for Transfer of Indirect Costs to General Fund)	(150,798)	(129,901)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u><b>(150,798)</b></u>	<u><b>(129,901)</b></u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, Beginning of Year</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>FUND BALANCES, End of Year</b>	<u><u><b>\$ -</b></u></u>	<u><u><b>-</b></u></u>

<b>Preschool Handicapped (CG Projects) (205)</b>	<b>CATE (VA Projects) (207)</b>	<b>Adult Education (243/292)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Totals</b>
-	385	-	-	2,130	\$ 2,515
-	125	-	-	518	643
-	-	-	-	6,000	6,000
-	-	-	-	13,378	13,378
-	14,297	-	-	15,304	29,601
-	200,039	6,425	2,753,026	1,297,898	5,585,628
-	-	-	-	51,626	51,626
-	-	-	-	1,000	1,000
-	-	-	-	32,020	32,020
-	-	-	-	8,341	8,341
-	-	-	-	36,470	36,470
-	-	-	-	129,457	129,457
-	-	-	-	158,716	158,716
-	-	-	-	158,716	158,716
<b>133,201</b>	<b>208,008</b>	<b>162,291</b>	<b>2,916,534</b>	<b>5,007,223</b>	<b>15,191,543</b>
(5,568)	(8,414)	(5,157)	-	(17,932)	(317,770)
(5,568)	(8,414)	(5,157)	-	(17,932)	(317,770)
-	-	-	-	<b>510,863</b>	<b>510,863</b>
-	-	-	-	865,261	865,261
-	-	-	-	<b>1,376,124</b>	<b>\$ 1,376,124</b>

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**SPECIAL REVENUE FUND**

**SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES**

**YEAR ENDED JUNE 30, 2017**

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**OTHER DESIGNATED RESTRICTED STATE GRANTS**

919	Education License Plates
926	Summer Reading Camps
928	EEDA Career Specialists
935	Reading Coaches
937	Student Health and Fitness - PE Teachers
955	DSS SNAP & E&T Program
956	SNAP - Adult Education
963	K-12 Technology Initiative

**OTHER SPECIAL REVENUE PROGRAMS**

221	Title I (Neglected and Delinquent)
225	Math & Science Partnership
237	Title I Focus Schools
264	Language Instruction for Limited English Proficient and Immigrant Students, Title III
267	Improving Teacher Quality (Carryover Provision)
280	Medicaid
291	Attendance Make-Up
295	ROTC
298	ATC House Project
801	After School Program
802	Sylvia Circle Tuition
822	Extended School Year
826	Summer School High School
827	JSCG Grant
832	Professional Development
833	Arts in Education - Northside
835	DHEC Solid Waste Grants
858	Toolbox for Education
861	Great Outdoors
862	York County First Steps
864	Community Services - Transportation
866	Misc State Restricted
869	Back the Pack
870	First Steps Parent Smart Grant
873	Sisters of Mercy of N.C. Foundation
875	PIRC Grant
879	Special Needs Transportation
880	Profoundly Mentally Disabled
882	E-Rate
884	Music Pilot - Quaver
888	SREB Southern Regional Education Board
890	Winthrop Program
891	Testing - PSAT
894	Title VII
897	Credit Recovery
899	Local School Projects

ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2017

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Unearned
					Interfund Transfers In (Out)	Other Fund Transfers In (Out)	
919	3193	Education License Plates	\$ 2,846	2,846	-	-	\$ -
926	3177	Summer Reading Camp	-	-	-	-	33,480
928	3118	EEDA Career Specialists	891,830	891,830	-	-	15,668
935	3135	Reading Coaches	985,973	985,973	-	-	364,574
937	3127	Student Health and Fitness - PE Teachers	151,091	151,091	-	-	-
955	3155	DSS SNAP & E&T Program	10,171	10,171	-	-	7,155
956	3156	Adult Education	68,269	68,269	-	-	11,730
963	3630	K-12 Technology Initiative	806,354	806,354	-	-	187,096
Totals			<u>\$ 2,916,534</u>	<u>2,916,534</u>	<u>-</u>	<u>-</u>	<u>\$ 619,703</u>

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**EDUCATION IMPROVEMENT ACT**

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

**YEAR ENDED JUNE 30, 2017**

	<b>ACTUAL</b>
<b>REVENUES</b>	
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	\$ 12,002
3509 Arts in Education	33,697
3511 Professional Development	105,653
3512 Technology Professional Development	75,513
3518 Adoption List of Formative Assessment	86,125
3519 Grade 10 Assessments	9,855
3525 Career and Technology Education Equipment	258,862
3526 Refurbishment of K-8 Science Kits	60,512
3528 Industry Certificates	1,935
3532 National Board Salary Supplement (No Carryover Provision)	1,485,619
3533 Teacher of the Year Awards (No Carryover Provision)	1,077
3535 Reading Coaches	8,000
3538 Student at Risk of School Failure	2,025,789
3540 Early Childhood Program (4K Programs Serving Four-Year-Old Children)	744,129
3550 Teacher Salary Increase (No Carryover Provision)	3,532,123
3555 Teacher Salary Fringe (No Carryover Provision)	514,663
3556 Adult Education	388,506
3557 Summer Reading Camps	188,477
3558 Reading	76,228
3571 Technical Assistance - State Priority Schools	259,540
3577 Teacher Supplies (No Carryover Provision)	352,548
3578 High Schools That Work / Making Middle Grades Work	58,153
3581 Student Health and Fitness - Nurses	475,473
3587 IDEA MOE Tier 1	22,142
3592 Work-Based Learning	62,677
3595 EEDA - Supplies and Materials	47,670
3597 Aid to Districts	216,159
Total Revenue from State Sources	<u>11,103,127</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>11,103,127</b></u>

**EXPENDITURES**

100 Instruction:

    110 General Instruction:

        111 Kindergarten Programs:

            100 Salaries 49,961

            200 Employee Benefits 12,143

            400 Supplies and Materials \$ 15,950

(Continued)



**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**EDUCATION IMPROVEMENT ACT**

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

**YEAR ENDED JUNE 30, 2017**

	<b>ACTUAL</b>
112 Primary Programs:	
100 Salaries	\$ 760,680
200 Employee Benefits	269,771
300 Purchased Services	59,953
400 Supplies and Materials	187,423
113 Elementary Programs:	
100 Salaries	680,051
200 Employee Benefits	197,923
300 Purchased Services	35,759
400 Supplies and Materials	75,659
600 Other Objects	1,280
114 High School Programs:	
100 Salaries	512,132
200 Employee Benefits	158,303
300 Purchased Services	328,477
400 Supplies and Materials	96,771
600 Other Objects	200
115 Career and Technology Education Program:	
100 Salaries	67,500
200 Employee Benefits	16,448
300 Purchased Services - Other Than Tuition	1,935
400 Supplies and Materials	207,354
500 Capital Outlay	51,508
600 Other Objects	1,000
118 Alternative School:	
100 Salaries	7,500
200 Employee Benefits	1,803
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	31,725
200 Employee Benefits	12,363
400 Supplies and Materials	1,925
122 Trainable Mentally Handicapped:	
100 Salaries	33,877
200 Employee Benefits	15,313
400 Supplies and Materials	825
124 Visually Handicapped:	
400 Supplies and Materials	550
125 Hearing Handicapped:	
400 Supplies and Materials	275
126 Speech Handicapped:	
400 Supplies and Materials	\$ 6,600

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**EDUCATION IMPROVEMENT ACT**

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

**YEAR ENDED JUNE 30, 2017**

	<u>ACTUAL</u>
127 Learning Disabilities:	
100 Salaries	\$ 67,356
200 Employee Benefits	16,412
400 Supplies and Materials	26,034
128 Emotionally Handicapped:	
400 Supplies and Materials	550
130 Pre-School Programs:	
133 Preschool Handicapped Self- Contained (5Yr. Olds)	
400 Supplies and Materials	275
137 Preschool Handicapped Self-Contained (3-and 4-Yr.Olds):	
400 Supplies and Materials	3,607
139 Early Childhood Programs:	
100 Salaries	469,016
200 Employee Benefits	193,973
300 Purchased Services	19,948
400 Supplies and Materials	45,355
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	27,500
200 Employee Benefits	6,680
400 Supplies and Materials	2,475
160 Other Exceptional Programs:	
161 Autism:	
400 Supplies and Materials	1,650
170 Summer School Programs:	
171 Primary Summer School:	
100 Salaries	130,667
200 Employee Benefits	36,581
300 Purchased Services	692
400 Supplies and Materials	20,537
173 High School Summer School:	
100 Salaries	5,125
200 Employee Benefits	1,361
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	33,066
200 Employee Benefits	8,086
300 Purchased Services	1,912
400 Supplies and Materials	507
180 Adult/Continuing Educational Programs:	
181 Adult Basic Education Programs:	
100 Salaries	9,739
200 Employee Benefits	\$ 2,257

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**EDUCATION IMPROVEMENT ACT**

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

**YEAR ENDED JUNE 30, 2017**

	<u>ACTUAL</u>
182 Adult Secondary Education Programs:	
100 Salaries	\$ 8,784
200 Employee Benefits	2,261
300 Purchased Services	1,113
400 Supplies and Materials	135
184 Post Secondary Education Programs:	
100 Salaries	48,057
200 Employee Benefits	19,662
Total Instruction	<u>5,112,310</u>
200 Support Services:	
210 Pupil Services:	
211 Attendance and Social Work Services:	
100 Salaries	11,226
200 Employee Benefits	8,350
212 Guidance Services:	
100 Salaries	115,243
200 Employee Benefits	39,163
300 Purchased Services	18,215
400 Supplies and Materials	44,138
213 Health Services:	
100 Salaries	347,392
200 Employee Benefits	128,082
300 Purchased Services	11,250
214 Psychological Services:	
400 Supplies and Materials	275
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	68,653
200 Employee Benefits	21,655
400 Supplies and Materials	8,193
600 Other Objects	176
222 Library and Media:	
100 Salaries	15,000
200 Employee Benefits	3,677
400 Supplies and Materials	5,775
223 Supervision of Special Programs:	
100 Salaries	328,738
200 Employee Benefits	91,518
300 Purchased Services	7,575
400 Supplies and Materials	\$ 293

(Continued)

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**EDUCATION IMPROVEMENT ACT**

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

**YEAR ENDED JUNE 30, 2017**

	<b>ACTUAL</b>
224 Improvement of Instruction-Curriculum Development:	
100 Salaries	\$ 26,866
200 Employee Benefits	6,702
300 Purchased Services	333,237
400 Supplies and Materials	20,084
230 General Administration Services:	
233 School Administration:	
300 Purchased Services	681
250 Finance and Operations Services:	
251 Student Transportation (Federal/District Mandated):	
100 Salaries	14,559
200 Employee Benefits	1,994
270 Support Services - Pupil Activity:	
271 Pupil Services Activities:	
100 Salaries (Optional)	787
200 Employee Benefits (Optional)	176
300 Purchased Services (Optional)	358
600 Other Objects (Optional)	4,460
Total Support Services	<u>1,684,491</u>
410 Intergovernmental Expenditures:	
416 Payments to Public Charter Schools	
720 Transits	259,540
Total Intergovernmental Expenditures	<u>259,540</u>
<b>TOTAL EXPENDITURES</b>	<b><u>7,056,341</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(4,046,786)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,046,786)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>-</b>
FUND BALANCE, Beginning of Year	<u>-</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ -</u></b>

ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2017

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 12,002	12,002	-	-	\$ -
3509 Arts in Education	33,697	33,697	-	-	3,503
3511 Professional Development	105,653	105,653	-	-	36,121
3512 Technology Professional Development	75,513	75,513	-	-	42,977
3518 Adoption List of Formative Assessment	86,125	86,125	-	-	-
3519 Grade 10 Assessments	9,855	9,855	-	-	-
3525 Career and Technology Education Equipment	258,862	258,862	-	-	34,058
3526 Refurbishment of K-8 Science Kits	60,512	60,512	-	-	40,253
3528 Industry Certificates	1,935	1,935	-	-	84,307
3532 National Board Salary Supplement (No Carryover Provision)	1,485,619	1,485,619	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3535 Reading Coaches	8,000	8,000	-	-	-
3538 Student at Risk of School Failure	2,025,789	2,025,789	-	-	145,605
3540 Early Childhood Programs (4K Programs Serving Four-Year Old Children)	744,129	744,129	-	-	90,135
3550 Teacher Salary Increase (No Carryover Provision)	3,532,123	-	-	(3,532,123)	-
3555 Teacher Salary Fringe (No Carryover Provision)	514,663	-	-	(514,663)	-
3556 Adult Education	388,506	388,506	-	-	80,848
3557 Summer Reading Camps	188,477	188,477	-	-	146,730
3558 Reading	76,228	76,228	-	-	26,091
3571 Technical Assistance - State Priority Schools	259,540	259,540	-	-	-
3577 Teacher Supplies (No Carryover Provision)	352,548	352,548	-	-	-
3578 High Schools That Work / Making Middle Grades Work	58,153	58,153	-	-	27,277
3581 Student Health and Fitness - Nurses	475,473	475,473	-	-	18,100
3587 IDEA MOE Tier I	22,142	22,142	-	-	864,543
3592 Work-Based Learning	62,677	62,677	-	-	-
3595 EEDA Career Awareness	47,670	47,670	-	-	16,502
3597 Aid to Districts	216,159	216,159	-	-	113,173
<b>Totals</b>	<b>\$ 11,103,127</b>	<b>7,056,341</b>	<b>-</b>	<b>(4,046,786)</b>	<b>\$ 1,770,223</b>

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

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

**YEAR ENDED JUNE 30, 2017**

<b>Program</b>	<b>Project/ Grant Number</b>	<b>Revenue &amp; Subfund Code</b>	<b>Description</b>	<b>Amount Due to State Dept. of Education or Federal Government</b>	<b>Status of Amount Due to Grantors</b>
None					

# DEBT SERVICE FUND

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

The following 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.

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**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**Schedule C-1**

**DEBT SERVICE FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1100 Taxes:	
1110 Ad Valorem Taxes-Including Delinquent (Fiscally Independent LEA)	\$ 21,746,079
1140 Penalties & Interest on Taxes (Independent)	94,130
1200 Revenue from Local Governmental Units Other than LEAs:	
1280 Revenue in Lieu of Taxes (Dependent and Independent)	1,507,672
1500 Earnings on Investments:	
1510 Interest on Investments	106,367
Total Revenue from Local Sources	<u>23,454,248</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption	824,023
3830 Merchant's Inventory Tax	107,676
3840 Manufacturers Depreciation Reimbursement	484,527
3890 Other State Property Tax Revenues (Includes Motor Carrier Vehicle Tax)	44,890
Total Revenue from State Sources	<u>1,461,116</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<b><u>24,915,364</u></b>
<b>EXPENDITURES</b>	
500 Debt Service:	
610 Redemption of Principal	20,735,534
620 Interest	4,045,030
690 Other Objects (Includes Fees for Servicing Bonds)	178,211
Total Debt Service	<u>24,958,775</u>
<b>TOTAL EXPENDITURES</b>	<b><u>24,958,775</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
5110 Premium on Bonds Sold	1,875,951
5130 Issuance of General Obligation Refunding Bonds	15,190,000
441-720 Payment to Refunded Debt Escrow Agent	(13,371,722)
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund	2,500,000
424-710 Transfer to Capital Projects Fund	(13,600,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,405,771)</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(7,449,182)</b>
FUND BALANCE, Beginning of Year	<u>15,177,820</u>
<b>FUND BALANCE, End of Year</b>	<b><u>\$ 7,728,638</u></b>

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# CAPITAL PROJECTS FUND

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.

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**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**CAPITAL PROJECTS FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 465,564
Total Revenue from Local Sources	465,564
<b>TOTAL REVENUE ALL SOURCES</b>	<b>465,564</b>
<b>EXPENDITURES</b>	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
100 Salaries	58,618
200 Employee Benefits	17,491
300 Purchased Services	6,762,508
400 Supplies and Materials	4,960,243
500 Capital Outlay:	
520 Construction Services	17,649,378
530 Improvements Other Than Buildings	1,228,836
540 Equipment	786,465
545 Technology, Equipment and Software	160,993
550 Vehicles	724,320
Total Support Services	32,348,852
500 Debt Service:	
610 Redemption of Principal	30,000,000
620 Interest	600,000
690 Other Objects	310,876
Total Debt Service	30,910,876
<b>TOTAL EXPENDITURES</b>	<b>63,259,728</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
5110 Premium on Bonds Sold	1,179,946
5120 Issuance of General Obligation Bonds	50,000,000
5300 Sale of Capital Assets	2,554,610
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund	13,600,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>67,334,556</b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>4,540,392</b>
FUND BALANCE, Beginning of Year	25,999,369
<b>FUND BALANCE, End of Year</b>	<b>\$ 30,539,761</b>

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# **SPECIAL REVENUE - FOOD SERVICE 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  
ROCK HILL, SOUTH CAROLINA**

**FOOD SERVICE FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>ACTUAL</b>
<b>REVENUES</b>	
1000 Revenues from Local Sources:	
1600 Food Service:	
1610 Lunch Sales to Pupils	\$ 975,534
1620 Breakfast Sales to Pupils	101,328
1630 Special Sales to Pupils	489,081
1640 Lunch Sales to Adults	49,138
1650 Breakfast Sales to Adults	4,833
1660 Special Sales to Adults	7,500
Total Revenue from Local Sources	<u>1,627,414</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	563
Total Revenue from State Sources	<u>563</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	4,343,445
4830 School Breakfast Program	1,414,881
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	585,823
Total Revenue from Federal Sources	<u>6,344,149</u>
<b>TOTAL REVENUE ALL SOURCES</b>	<u><b>7,972,126</b></u>
<b>EXPENDITURES</b>	
256 Food Service:	
100 Salaries	892,096
140 Terminal Leave	3,003
200 Employee Benefits	378,359
300 Purchased Services (Exclude Gas, Oil, Electricity and Other Heating Fuels)	5,626,078
400 Supplies and Materials (Include Gas, Oil, Electricity and Other Heating Fuels)	567,742
500 Capital Outlay	170,986
600 Other Objects	3,438
Total Food Services Expenditures	<u>7,641,702</u>
<b>TOTAL EXPENDITURES</b>	<u><b>\$ 7,641,702</b></u>

(Continued)



**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**FOOD SERVICE FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>ACTUAL</b>
<b>OTHER FINANCING SOURCES (USES)</b>	
5300 Sale of Capital Assets	\$ 6,039
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	274,661
432-791 Food Service Fund Indirect Costs	(288,401)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(7,701)</b>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>322,723</b>
FUND BALANCE, Beginning of Year, As Previously Reported	2,600,212
Change in Accounting Principle (1)	1,386,003
FUND BALANCE, Beginning of Year, Restated	3,986,215
<b>FUND BALANCE, End of Year</b>	<b>\$ 4,308,938</b>

(1) See Note I.B "Change in Accounting Principle" in the notes to the financial statements for more details.

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# FIDUCIARY FUND

Agency Fund – to account for the collection and payment of pupil activity receipts and disbursements from and on the behalf of the 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 schedule are also mandated by the South Carolina Department of Education.

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**AGENCY FUND - PUPIL ACTIVITY FUND**

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

**YEAR ENDED JUNE 30, 2017**

	<b>ACTUAL</b>
<b>RECEIPTS</b>	
1000 Receipts from Local Sources:	
1700 Pupil Activities:	
1710 Admissions	\$ 477,142
1720 Bookstore Sales	583
1730 Pupil Organization Membership Dues and Fees	125,423
1740 Student Fees	200,905
1790 Other	2,331,050
1900 Other Revenue from Local Sources	
1920 Contributions & Donations Private Sources	953
Total Receipts from Local Sources	<u>3,136,056</u>
<b>TOTAL RECEIPTS ALL SOURCES</b>	<b><u>3,136,056</u></b>
<b>DISBURSEMENTS</b>	
190 Instructional Pupil Activity:	
100 Salaries (Optional)	77
200 Employee Benefits (Optional)	19
300 Purchased Services (Optional)	2,506
400 Supplies and Materials (Optional)	7,482
600 Other Objects (Optional)	157
Total Instruction	<u>10,241</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
100 Salaries (Optional)	237,935
200 Employee Benefits (Optional)	54,964
300 Purchased Services (Optional)	357,071
400 Supplies and Materials (Optional)	1,862,584
500 Capital Outlay (Optional)	14,309
660 Pupil Activity	681,550
Total Pupil Activity Expenditures	<u>3,208,413</u>
<b>TOTAL DISBURSEMENTS</b>	<b><u>3,218,654</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>	
Interfund Transfers, From (To) Other Funds:	
5210 Transfer from General Fund (Excludes Indirect Costs)	74,730
TOTAL OTHER FINANCING SOURCES (USES)	<u>74,730</u>
<b>EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS</b>	<b>(7,868)</b>
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>1,389,402</u>
<b>DUE TO STUDENT ORGANIZATIONS, End of Year</b>	<b><u>\$ 1,381,534</u></b>

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**AGENCY FUND - PUPIL ACTIVITY FUND**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**

**YEAR ENDED JUNE 30, 2017**

	<b>Balance at June 30, 2016</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at June 30, 2017</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 5,430	-	(5,430)	\$ -
Receivables	1,383,972	-	(2,438)	1,381,534
<b>TOTAL ASSETS</b>	<b>\$ 1,389,402</b>	<b>-</b>	<b>(7,868)</b>	<b>\$ 1,381,534</b>
<b>LIABILITIES</b>				
Due to Student Organizations	\$ 1,389,402	-	(7,868)	\$ 1,381,534
<b>TOTAL LIABILITIES</b>	<b>\$ 1,389,402</b>	<b>-</b>	<b>(7,868)</b>	<b>\$ 1,381,534</b>

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# Location Reconciliation

As Requested by the South Carolina  
Department of Education

**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**LOCATION RECONCILIATION SCHEDULE**

**YEAR ENDED JUNE 30, 2017**

<b>LOCATION ID</b>	<b>LOCATION DESCRIPTION</b>	<b>EDUCATION LEVEL</b>	<b>COST TYPE</b>	<b>TOTAL EXPENDITURES</b>
00	Districtwide	Non-Schools	Central	\$ 63,406,777
02	Bellevue Elementary	Elementary Schools	School	4,313,630
04	Castle Heights Middle	Middle Schools	School	6,062,639
05	Central Child Dev. Center	Other Schools	School	1,772,105
06	Ebenezer Elementary	Elementary Schools	School	6,067,453
07	Dutchman Creek Middle	Middle Schools	School	6,154,438
08	Ebinport Elementary	Elementary Schools	School	6,064,781
10	Edgewood Elementary	Elementary Schools	School	19,810
14	Finley Road Elementary	Elementary Schools	School	3,977,654
16	Independence Elementary	Elementary Schools	School	4,004,367
18	India Hook Elementary	Elementary Schools	School	3,746,007
20	Leslie Elementary	Elementary Schools	School	2,995,236
22	Mt. Gallant Elementary	Elementary Schools	School	3,333,571
23	Mt. Holly Elementary	Elementary Schools	School	3,800,307
24	Northside Elementary	Elementary Schools	School	4,523,371
26	Northwestern High	High Schools	School	15,352,427
28	Oakdale Elementary	Elementary Schools	School	4,382,474
29	Old Pointe Elementary	Elementary Schools	School	3,844,750
30	Rawlinson Road Middle	Middle Schools	School	5,979,785
31	Renaissance Academy	Other Schools	School	268,295
32	Richmond Drive Elementary	Elementary Schools	School	4,382,430
33	T-3	Other Schools	School	372,418
34	ParentSmart	Other Schools	School	690,146
36	Applied Technology Center	Other Schools	School	5,723,073
38	Rock Hill High	High Schools	School	17,692,607
40	Rosewood Elementary	Elementary Schools	School	4,089,463
41	South Pointe High	High Schools	School	11,662,255
42	Sullivan Middle	Middle Schools	School	6,907,564
44	Sunset Park Elementary	Elementary Schools	School	3,318,494
46	The Children's School	Other Schools	School	1,890,229
48	York Road Elementary	Elementary Schools	School	3,669,669
49	Phoenix Academy	Other School	School	1,377,628
50	Saluda Trail Middle	Middle Schools	School	6,854,290
52	New Immersion Elementary	Elementary Schools	School	1,897,188
60	Office of Superintendent	Non-Schools	Central	459,002
65	Health Services	Non-Schools	Central	77,761
66	Facilities Services	Non-Schools	Central	7,507,769
68	Food Service	Non-Schools	Central	5,861,137
70	Transportation	Non-Schools	Central	4,858,826
72	Purchasing	Non-Schools	Central	362,292
76	Adult Education	Other Schools	School	785,982
78	Personnel	Non-Schools	Central	1,049,214
80	Finance	Non-Schools	Central	1,177,776
81	Administrative Services	Non-Schools	Central	688,692
82	Information Services	Non-Schools	Central	\$ 210,637

(Continued)



**ROCK HILL SCHOOL DISTRICT THREE**  
**ROCK HILL, SOUTH CAROLINA**

**LOCATION RECONCILIATION SCHEDULE**

**YEAR ENDED JUNE 30, 2017**

<b>LOCATION ID</b>	<b>LOCATION DESCRIPTION</b>	<b>EDUCATION LEVEL</b>	<b>COST TYPE</b>	<b>TOTAL EXPENDITURES</b>
83	Student Services	Non-Schools	Central	\$ 278,199
84	Planning	Non-Schools	Central	683,343
85	Community Partnerships	Non-Schools	Central	172,859
86	Exceptional Student Education	Non-Schools	Central	6,313,276
87	Technology	Non-Schools	Central	5,911,211
88	District 3 Stadium South	Non-Schools	Central	22,106
89	Stadium	Non-Schools	Central	137,165
90	Board of Trustees	Non-Schools	Central	1,384,828
92	Rock Hill School District	Non-Schools	Central	1,217,083
95	Flexible Learning Center	Other Schools	School	620,125
219	Rebound	Other Schools	School	506,831
660	Instruction/Accountability	Non-Schools	Central	4,713,277
<b>TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS</b>				<b>\$ 265,596,722</b>

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

General Fund	\$ 144,269,979
Special Revenue Fund	15,191,543
Special Revenue - EIA Fund	7,056,341
Debt Service Fund	24,958,775
Capital Projects Fund	63,259,728
Special Revenue - Food Service Fund	7,641,702
Pupil Activity Fund	3,218,654
<b>TOTAL EXPENDITURES / DISBURSEMENTS FOR ALL FUNDS</b>	<b>\$ 265,596,722</b>

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# Compliance Section

ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
<b>US Department of Agriculture</b>				
Pass-through State Department of Education:				
600	National School Breakfast Program	10.553	N/A	\$ 1,414,881
600	National School Lunch Program - Cash Assistance	10.555	N/A	4,343,445
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	585,823
Total 10.553 & 10.555 Cluster				6,344,149
Total Passed Through State Department of Education				6,344,149
<b>Total US Department of Agriculture</b>				<b>6,344,149</b>
<b>US Department of Education</b>				
Pass-through State Department of Education:				
201	Title I	84.010	Title I - 16	728,736
201	Title I	84.010	Title I - 17	3,029,659
221	Title I - Neglected and Delinquent	84.010	Title I N&D - 16	84,089
221	Title I - Neglected and Delinquent	84.010	Title I N&D - 17	143,804
237	Title I - School Improvement	84.010A	Title I - Focus - 16	63,500
Total 84.010 & 84.010A				4,049,788
Individuals with Disabilities Education Act:				
203	IDEA	84.027A	IDEA - 16	343,595
203	IDEA	84.027A	IDEA - 17	2,942,995
205	IDEA - Preschool Handicapped	84.173	IDEA Pre-School Grants - 16	17,914
205	IDEA - Preschool Handicapped	84.173	IDEA Pre-School Grants - 17	120,855
822	Extended School Year	84.027	Extended School Year - 17	22,042
Total 84.027A, 84.173, & 84.027 Cluster				3,447,401
207	Occupational Education	84.048A	Perkins Aid, Title I - 17	216,422
225	Title II - Mathematics & Science	84.366B	Title II - 16	103,531
225	Title II - Mathematics & Science	84.366B	Title II - 17	64,076
243	Adult Education	84.002	Adult Education - 17	164,579
264	Title III - English Language Acquisition	84.365A	Language Instruction Title III - 17	68,036
267	Title II - Improving Teacher Quality	84.367A	Title II - 16	5,374
267	Title II - Improving Teacher Quality	84.367A	Title II - 17	431,541
894	Title VII	84.060A	Title VII - 17	18,168
Total Passed Through State Department of Education				8,568,916
<b>Total US Department of Education</b>				<b>8,568,916</b>
<b>US Department of Defense</b>				
Direct Programs:				
295	JROTC	12.000	N/A	168,368
<b>Total US Department of Defense</b>				<b>168,368</b>
<b>US Department of Labor</b>				
Direct Programs:				
827	Jobs for America's Graduates	17.278	N/A	59,742
<b>Total US Department of Labor</b>				<b>59,742</b>
<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>				<b>\$ 15,141,175</b>

Note: The District did not have any expenditures to subrecipients.

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

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2017**

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**A – General**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all federal award programs of Rock Hill School District Three, Rock Hill, South Carolina (the “District”) for the year ended June 30, 2017. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

**B – Basis of Accounting**

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

**C – Relationship to Financial Statements**

Federal award expenditures are reported in the District’s financial statements as expenditures in the Special Revenue Funds.

**D – Relationship to Federal Financial Reports**

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

**E – Indirect Cost Rate**

The District has elected not to use the 10-percent de minimis cost rate allowed under the Uniform Guidance.

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# Greene, Finney & Horton, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## 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*

### INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Rock Hill School District Three  
Rock Hill, South Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rock Hill School District Three, South Carolina (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2017. Our report includes a reference to another auditor who audited the financial statements of the discretely presented component unit, as described in our report on the District's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
November 27, 2017





# Greene, Finney & Horton, LLP

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Rock Hill School District Three  
Rock Hill, South Carolina

#### Report on Compliance for Each Major Federal Program

We have audited Rock Hill School District Three, South Carolina's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

#### Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Greene, Finney & Horton, LLP  
Mauldin, South Carolina  
November 27, 2017

**ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2017**

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**2016-001: INTERNAL CONTROLS FOR PUPIL ACTIVITIES**

<b>Condition:</b>	Overall, the District appears to have designed appropriate policies and procedures over Pupil Activities at the schools. However, during visits that were made during the year, it was noted in several areas in which the schools are not always following the District's policies and procedures, specifically in the areas of cash receipts, procurement cards, and purchase orders.
<b>Criteria:</b>	An effective system of internal controls should be operating as planned to provide reasonable assurance that transactions are being recorded timely and accurately and to prevent fraud or misuse of District assets. This includes not only the design of policies and procedures but also their implementation.
<b>Context, Cause and Effect:</b>	Not following the District's policy regarding pupil activities.
<b>Status:</b>	The District is continuing to monitor their pupil activities.
<b>Response:</b>	The District has increased its training and monitoring activities related to its pupil activities at the schools over the past few years to achieve better compliance with the District's policies and procedures.

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**2016-002: FOOD SERVICE ACCRUALS**

<b>Condition:</b>	The District while reviewing its accounts receivable balance for the Food Service Fund inadvertently doubled the accounts receivable balance when it should have been written off.
<b>Criteria:</b>	An effective system of internal controls should be operating as planned to provide reasonable assurance that transactions are being recorded timely and accurately.
<b>Context, Cause and Effect:</b>	The District inadvertently doubled an entry and subsequent monitoring did not detect the error.
<b>Status:</b>	The District is continuing to monitor their year end accruals.
<b>Response:</b>	The District has provide necessary resources and training to finance staff to ensure all transactions are recorded accurately and timely. The District will continue to monitor year end balances to ensure balances are materially correct.

ROCK HILL SCHOOL DISTRICT THREE  
ROCK HILL, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

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Section I - Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

*Federal Awards*

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ Yes	_____ X No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 & 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs:	\$	750,000
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Auditee qualified as low-risk auditee?	_____ X Yes	_____ No
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Section II - Current Year Financial Statement Findings

No matters to report

Section III - Current Year Federal Award Findings and Questioned Costs

No matters to report